

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 2227

6
7 H.P. 1578

House of Representatives, March 18, 1986

8 Referred to the Committee on State Government. Sent up for
9 concurrence and ordered printed.

EDWIN H. PERT, Clerk

10 Presented by Representative Hickey of Augusta.

Cosponsored by Representative Manning of Portland, Senator Gill of
Cumberland and Representative Gwadosky of Fairfield.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-SIX
16

17 AN ACT Establishing the Bureau of State
18 Employee Health.
19

20 Be it enacted by the People of the State of Maine as
21 follows:

22 Sec. 1. 5 MRSA §§954 to 957 are enacted to read:

23 §954. Bureau of State Employee Health

24 The Bureau of State Employee Health is estab-
25 lished within the Department of Finance and Adminis-
26 tration to promote the health and safety of state em-
27 ployees, establish policies and provide programs to
28 minimize the risk of injury to and incidence of ill-
29 ness among state employees, provide and administer
30 health insurance for state employees and conserve
31 public funds by minimizing the direct and indirect
32 costs associated with injury and illness. The bureau
33 shall be responsible for the administration of the
34 following programs consistent with their laws: The
35 Accident and Sickness or Health Insurance Program,

1 chapter 13, subchapter II; and the State Employee As-
2 sistance Program, Title 22, chapter 254-A.

3 The bureau shall also administer a first aid and
4 health service in the State House complex for state
5 employees and State House visitors.

6 §955. Director of State Employee Health; staff

7 The Director of State Employee Health shall be
8 appointed by and serve at the pleasure of the Commis-
9 sioner of Finance and Administration. Under the di-
10 rection of the commissioner, the director shall be
11 responsible for the administration of the bureau and
12 its programs, for developing policies and programs
13 consistent with the bureau's purpose and for coordi-
14 nating with other state agencies to plan, implement
15 and maintain these policies and programs. The direc-
16 tor shall appoint, subject to the Personnel Law,
17 staff necessary to carry out the bureau's programs.

18 The director shall provide the commissioner with
19 an annual report detailing the objectives, program-
20 ming and performance of the bureau.

21 §956. Bureau of State Employee Health Internal Ser-
22 vice Fund Account

23 The Bureau of State Employee Health Internal Ser-
24 vice Fund Account is established to include appropri-
25 ations made to the bureau, funds transferred to the
26 bureau from within the department, funds from the ad-
27 ministrative allowance provided in section 286, funds
28 from the reserve fund provided in section 1731, funds
29 received for special services provided to state agen-
30 cies and employees and funds from operational charges
31 levied upon state agencies.

32 State agency operational charges shall be a per
33 employee fee paid by each agency in the same manner
34 as premiums for state employee health insurance. The
35 Director of State Employee Health shall recommend a
36 fee to the commissioner. The rationale for the recom-
37 ended fee shall be well documented and shall include
38 the program costs to be met by the fee. The Commis-
39 sioner of Finance and Administration shall provide
40 his final recommended fee to the Governor. The Gov-

1 error shall determine the per employee fee to be in-
2 cluded in the normal budget process.

3 §957. State Employee Health Advisory Board

4 The State Employee Health Advisory Board is es-
5 tablished to advise the director and to assist in the
6 implementation and coordination of programs. The
7 board shall consist of the director and 9 other mem-
8 bers appointed by the Governor. Five of the members
9 shall be appointed from among the members of employee
10 bargaining units within State Government. No bargain-
11 ing unit may have more than one representative if an-
12 other unit exists without a representative. The re-
13 maining 4 members shall be management employees ex-
14 cluded from representation in collective bargaining,
15 with at least one person who is a member of the Board
16 of Trustees of the State Employee Health Insurance
17 Program, one who is employed within the Bureau of Em-
18 ployee Relations and one who is employed within the
19 Bureau of Health. The appointed members shall serve
20 for terms of 2 fiscal years or until their successors
21 are appointed, except that, of the first appointees,
22 2 members who are members of collective bargaining
23 units and 2 management members excluded from repre-
24 sentation in collective bargaining shall be appointed
25 for terms of one year.

26 Sec. 2. 5 MRSA §1731, as amended by PL 1983, c.
27 349, §12, is repealed and the following enacted in
28 its place:

29 §1731. Reserve fund for self-insured retention
30 losses

31 A reserve fund, in this chapter called the
32 "fund," is created to indemnify the State for
33 self-insured retention losses and related loss ad-
34 justment expenses from those perils insured against
35 under a deductible or self-insured retention program,
36 as recommended by the director and approved by the
37 commissioner. With the approval of the commissioner,
38 the fund may be used for loss prevention programs ad-
39 ministered by either the Risk Management Division or
40 the Bureau of State Employee Health. The total
41 amount of the fund provided for loss prevention pro-
42 grams in any given year may not exceed 5% of the fund

1 as of July 1st of that fiscal year and at least 2/3
2 of the 5% available for loss prevention programs is
3 to be allocated to the Bureau of State Employee
4 Health. The fund shall be a continuing fund and
5 shall not lapse. Funds provided from the reserve fund
6 to the Bureau of State Employee Health shall be simi-
7 larly nonlapsing and shall be carried forward through
8 the Bureau of State Employee Health Internal Service
9 Fund Account.

10 Sec 3. 22 MRSA §7, 2nd ¶, as enacted by PL 1965,
11 c. 425, §14-A, is repealed.

12 Sec. 4. Transitional provisions.

13 1. Rules and procedures. All existing rules
14 currently in effect and operation in agencies and
15 programs affected by this reorganization shall con-
16 tinue in effect, unless in conflict with this Act,
17 until rescinded, amended or changed.

18 "Rules" shall include, but are not limited to,
19 any rule, order, administrative procedure, policy,
20 determination, directive, authorization, permit, li-
21 cense, privilege, requirement, designation or agree-
22 ment.

23 2. Funds, positions and equipment transferred.
24 The funds, positions and equipment of the Accident
25 and Sickness or Health Insurance Program, the State
26 Employee Assistance Program and the first aid and
27 health service in the State House complex are trans-
28 ferred to the Bureau of State Employee Health.

29 Notwithstanding the Maine Revised Statutes, Title
30 5, section 1585, and related appropriation and allo-
31 cations Acts, appropriate positions, property, equip-
32 ment and all accrued expenditures, assets, liabili-
33 ties, balances of appropriations, transfers, revenues
34 or other available funds in any account, of subdivi-
35 sion of an account, of agencies reallocated to another
36 department or bureau as a result of this reorgani-
37 zation, shall be transferred to the appropriate place
38 in the new structure by the State Controller, upon
39 recommendation of the department head and the State
40 Budget Officer and upon approval by the Governor.

1 3. Allocation; loss prevention programs. The
2 provisions for use of a portion of the reserve fund
3 for self-insured retention losses provided in section
4 3 of this Act shall include an allocation from the
5 fund to the Bureau of State Employee Health for fis-
6 cal years 1986 and 1987 to be used for loss preven-
7 tion programs and any initial personnel, operating
8 and equipment costs of the bureau.

9 FISCAL NOTE

10 This bill establishes the Bureau of State Employ-
11 ee Health within the Department of Finance and Admin-
12 istration. Three existing programs will be placed
13 under the administration of the bureau along with
14 other new and expanded efforts. Existing programs
15 include: The Accident and Sickness or Health Insur-
16 ance Program, 4 positions; the State Employee Assist-
17 ance Program, 5 1/2 positions; and the First Aid and
18 Health Service in the State House complex for state
19 employees and State House visitors, 1 position.

20 The 10 1/2 positions in these programs will be
21 transferred to the bureau. The administrative allow-
22 ance for insurance program employees and costs and
23 appropriated funding for the remaining programs will
24 be transferred to an internal service fund account
25 established in the bureau.

26 Initial funding for other personnel, equipment,
27 operations and health program costs provided by an
28 allocation in fiscal years 1986 and 1987 from the Re-
29 serve Fund for Self-insured Retention Losses. An an-
30 nual allocation of up to 5% of the fund may be used
31 on a continuing basis to support loss prevention pro-
32 grams relating to employee health and safety.

33 In fiscal year 1987, the bureau will operate with
34 10 1/2 positions and approximately \$331,500 from al-
35 ready authorized and appropriated funds. In addi-
36 tion, the allocation for each of 2 years from the re-
37 serve fund will provide a minimum of \$360,000 for 9
38 additional positions, operational costs, equipment
39 and purchased services for a total of 19 1/2 posi-
40 tions and a \$691,500 operational budget.

1 The estimated Bureau of State Employee Health
2 budget for fiscal year 1987 represents a per employee
3 cost of just over \$1 per week to administer the
4 health insurance program and provide a basic level of
5 health and safety programming in State Government.
6 This contrasts with direct loss expenditures in
7 health insurance, workers' compensation and disabili-
8 ty retirement in excess of \$30,000,000 annually, or
9 losses of nearly \$45 per week per employee.

10 The bill authorizes a per employee fee paid by
11 each agency in the same manner as health insurance
12 costs. The fee will be approved by the Governor for
13 inclusion in the normal budget development process.
14 Beginning with the coming biennium, funding for the
15 Bureau of State Employee Health will be provided pri-
16 marily by the per employee fee, the allocation from
17 the Reserve Fund for Self-insured Retention Losses
18 and the administrative allowance available for the
19 administration of state employee health insurances.

20 STATEMENT OF FACT

21 This bill establishes the Bureau of State Employ-
22 ee Health within the Department of Finance and Admin-
23 istration. The bill consolidates 3 existing health
24 programs under the bureau's administration and pro-
25 vides appropriate funding mechanisms to continue and
26 improve the State's health management and safety pro-
27 grams.

28 The establishment of the bureau recognizes the
29 State's commitment to reduce the direct costs of
30 health insurance, disability retirement and workers'
31 compensation and the indirect costs associated with
32 poor health, inadequate work place safety and poor
33 lifestyles. In more human terms, the establishment
34 of the bureau recognizes the State's commitment to
35 the welfare of its employees.

36 Section 1 of the bill establishes the bureau un-
37 der a general mandate to promote the health and safe-
38 ty of its employees and minimize the costs associated
39 with employee injury and illness. The section pro-

1 vides that the state employee health insurance pro-
2 grams and the State Employee Assistance Program will
3 be administered by the bureau consistent with their
4 existing law. The first aid and health service for
5 visitors and state employees is also placed within
6 the bureau.

7 Section 1 provides for the appointment of the Di-
8 rector of the Bureau of State Employee Health by the
9 Commissioner of Finance and Administration and to
10 serve at his pleasure. The section sets forth the
11 duties of the director.

12 Section 1 also establishes an internal service
13 fund account to administer and continue the bureau's
14 funding from authorized sources. The bureau is also
15 authorized to be funded through the normal budget
16 process by a per employee fee to be paid by each
17 agency in the same manner as premiums for state
18 health insurance.

19 Section 1 also establishes an advisory board to
20 advise the director and assist in the implementation
21 and coordination of programs. The board consists of
22 an equal number of employees from positions within
23 bargaining units and state management personnel.

24 Section 2 assures that, with the approval of the
25 commissioner, at least 2/3 of the 5% funding for loss
26 prevention from the Reserve Fund for Self-insured Re-
27 tention Losses will be allocated to the Bureau of
28 State Employee Health each year.

29 Section 3 repeals a paragraph in the laws of the
30 Department of Human Services relating to the first
31 aid and health service in the State House complex.

32 Section 4 provides the transitional language nec-
33 essary to transfer existing programs to the Bureau of
34 State Employee Health. It provides initial funding
35 for programs in fiscal year 1987 through allocations
36 in both fiscal years 1986 and 1987 from the Reserve
37 Fund for Self-insured Retention Losses.

38 This bill puts in place the organization and pro-
39 gram foundation to provide needed health and safety
40 programs within State Government. The bill recog-

1 nizes the human and fiscal waste of the direct losses
2 of \$45 per week per employee and the great indirect
3 losses from injuries and illness. With this bill,
4 an initial investment of about \$1 per week per em-
5 ployee commits the State to an effort to be both a
6 practical and a model employer.

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