

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



117th MAINE LEGISLATURE

FIRST REGULAR SESSION-1995

Legislative Document

No. 1440

H.P. 1025

House of Representatives, April 27, 1995

An Act to Establish a Catastrophic Health Care Expense Program.

Reference to the Committee on Human Resources suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative TUTTLE of Sanford.

Cosponsored by Representatives: BERRY of Livermore, CHIZMAR of Lisbon, CLARK of Millinocket, DORE of Auburn, GREEN of Monmouth, JACQUES of Waterville, KEANE of Old Town, MITCHELL of Vassalboro, MORRISON of Bangor, MURPHY of Berwick, RICHARDSON of Portland, TRIPP of Topsham, TYLER of Windham, Senator: CAREY of Kennebec.

2 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 22 MRSA Subtitle 7** is enacted to read:

6 **SUBTITLE 7**

8 **CATASTROPHIC HEALTH CARE EXPENSE PROGRAM**

10 **CHAPTER 1701**

12 **CATASTROPHIC HEALTH CARE EXPENSE PROGRAM**

14 **§8651. Program established**

16 The Catastrophic Health Care Expense Program is established
18 within the department to provide financial assistance to, or on
20 behalf of, families or individuals residing in the State whose
22 costs for health care expenses constitute a financial catastrophe
24 for the families or individuals.

26 **§8652. Definitions**

28 As used in this chapter, unless the context otherwise
30 indicates, the following terms have the following meanings.

32 **1. Financial catastrophe.** "Financial catastrophe" means
34 that a family or individual is liable for health care expenses in
36 excess of 20% of the net taxable income of the family or
38 individual during any 12-month period.

40 **2. Fund.** "Fund" means the Catastrophic Health Care Expense
42 Fund created pursuant to section 8655.

44 **3. Health care expense.** "Health care expense" means an
46 expense for health care for a member of a family or for an
48 individual, including but not limited to hospital in-patient and
50 out-patient care, physician and provider services, prescription
52 pharmaceuticals and other related services.

54 **4. Physician and health care provider services.** "Physician
56 and health care provider services" means health care services
58 rendered by a physician licensed to practice medicine or
60 osteopathic medicine within this State or by a health care
62 provider as defined in Title 24, section 2502.

64 **5. Program.** "Program" means the Catastrophic Health Care
66 Expense Program established pursuant to section 8651.

2 6. Program period. "Program period" means any 12-month
3 period in which eligibility is determined to exist.

4
5 **§8653. Eligibility**

6 Upon application to the program, a person is eligible for
7 payment of health care expenses within a program period under the
8 following conditions.

9
10 1. Financial catastrophe. A financial catastrophe exists
11 within the program period.

12
13 2. Legal responsibility. The applicant is legally
14 responsible for or is applying on behalf of a person who is
15 legally responsible for payment of the health care expenses.

16
17 3. Other coverage not available. Coverage for the health
18 care expenses is not available through health insurance, a health
19 benefit program or plan or any state or federal program.

20
21 4. Asset limitation. To be eligible, the family or
22 individual must satisfy each of the asset tests contained in this
23 subsection:

24
25 A. Real estate used as the primary residence of the family
26 or individual;

27 B. Cash and other assets valued at no more than \$10,000;

28 C. An automobile valued at no more than \$10,000; and

29 D. Pension and retirement funds.

30
31 **§8654. Assistance**

32 The department shall pay, to the extent that funds exist
33 within the fund, the health care expenses of an eligible person
34 for the program period for which eligibility is established in
35 accordance with section 8653.

36 1. Payable amount. Health care expenses are payable to the
37 extent they exceed \$1,000 more than 20% of net taxable income.

38 2. Qualifying time period. Health care expenses are
39 payable to the extent they are incurred within the program period
40 for which eligibility has been determined.

41 3. Reimbursement not available. The program does not
42 reimburse for health care expenses paid by the applicant.

2 4. Payment to providers of care. All payments from the
fund must be made directly to the provider or vendor of service.

4 5. Rulemaking. The department shall adopt, in accordance
6 with Title 5, chapter 375, any rules necessary for the
implementation of this chapter.

8
10 **§8655. Catastrophic Health Care Expense Fund**

12 There is established the Catastrophic Health Care Expense
Fund to fund assistance payable under section 8654. The fund is
14 a dedicated fund and may not lapse but must be carried forward
from year to year. All interest on the fund remains within the
fund.

16 1. Payments to fund. Payments are made to the fund from
18 the increase in the cigarette tax by .5 mills from 18.5 mills to
19 mills after December 31, 1995.

20 2. General Fund appropriations. Payments are made to the
22 fund from the General Fund as appropriated by the Legislature.

24 **Sec. 3. 36 MRSA §4365, first ¶,** as amended by PL 1989, c. 588,
Pt. D, §1, is further amended to read:

26 A tax is imposed on all cigarettes held in this State by any
28 person for sale, the tax to be at the rate of 15.5 mills for each
cigarette beginning October 1, 1989; 16.5 mills for each
30 cigarette beginning January 1, 1991; and 18.5 mills for each
cigarette beginning July 1, 1991; and 19 mills for each cigarette
32 beginning January 1, 1996. Payment of the tax shall must be
evidenced by the affixing of stamps to the packages containing
34 the cigarettes. If a federal program similar to that provided in
Title 22, ~~section 3185~~ chapter 1701, becomes effective, this tax
36 is reduced by one mill for each cigarette. The Governor shall
determine by proclamation when the federal program has become
38 effective. Nothing contained in this chapter shall may be
construed to impose a tax on any transaction, the taxation of
40 which by this State is prohibited by the Constitution of the
United States.

42 **Sec. 4. 36 MRSA §4365-D** is enacted to read:

44 **§4365-D. Rate of tax after December 31, 1995**

46 Cigarettes that have been stamped at the rate of 18.5 mills
48 for each cigarette and are held for resale by any person after
December 31, 1995 are subject to a tax at the rate of 19 mills
50 for each cigarette.

2 A person holding cigarettes for resale is liable for the
3 difference between the 19 mills per cigarette tax rate and the
4 18.5 mills per cigarette tax rate in effect prior to January 1,
5 1996. Stamps evidencing payment of the tax imposed by this
6 section must be affixed to all packages of cigarettes held as of
7 January 1, 1996 for resale, except that cigarettes held in
8 vending machines as of January 1, 1996 do not need to be stamped.

9
10 Notwithstanding any other provision of this chapter, it is
11 presumed that all cigarette vending machines are filled to
12 capacity on January 1, 1996 and the tax imposed by this section
13 must be reported on that basis. A credit against this inventory
14 tax must be allowed for cigarettes stamped at the 19-mill rate
15 placed in vending machines before January 1, 1996.

16 Payment of the tax imposed by this section must be made to
17 the State Tax Assessor before February 15, 1996 and must be
18 accompanied by forms prescribed by the State Tax Assessor.

19 **Sec. 5. Effective date.** This Act takes effect July 1, 1996.

20
21
22

STATEMENT OF FACT

23
24

25 This bill establishes the Catastrophic Health Care Expense
26 Program to provide financial assistance to families and
27 individuals whose health care bills exceed 20% of net taxable
28 income. Other coverage may not be available. To be eligible a
29 family or individual must meet asset guidelines. A dedicated
30 fund is established to fund the program. Initial funding is
31 provided by a 1¢ per package increase in the cigarette tax,
32 beginning January 1, 1996.