

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

FIRST REGULAR SESSION-1999

Legislative Document

No. 1947

H.P. 1347

House of Representatives, March 18, 1999

An Act to Ensure Access to Prescription Drugs for the Elderly.

Reference to the Committee on Health and Human Services suggested and ordered printed.

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

JOSEPH W. MAYO, Clerk

Presented by Representative SAXL of Portland.

Cosponsored by Representatives: GAGNON of Waterville, KANE of Saco, LEMONT of Kittery, NORBERT of Portland, QUINT of Portland, Senator: RUHLIN of Penobscot.

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

2 **Sec. 1. 22 MRSA §254, sub-§2**, as amended by PL 1983, c. 290,
4 is repealed and the following enacted in its place:

6 **2. Individuals eligible for participation.** An individual
8 is eligible under this program if the household income, as
10 defined in Title 36, section 6201, subsection 7, is less than or
12 equal to 185% of the nonfarm income official poverty line. The
14 nonfarm income official poverty line is that applicable to a
16 household of the size involved, as defined by the federal Office
18 of Management and Budget and revised annually in accordance with
20 the United States Omnibus Budget Reconciliation Act of 1981,
22 Section 673, Subsection 2. Individuals are also eligible for
this program if the household spends at least 40% of its income
on unreimbursed direct medical expenses for prescription drugs
and the household income is not more than 25% higher than the
levels specified in this subsection. For the purposes of this
section, the cost of drugs provided to a household under this
section is considered a cost spent by the household for
eligibility determination purposes:

24 **Sec. 2. 24-A MRSA §4255** is enacted to read:

26 **§4255. Gross direct premium tax**

28 All health maintenance organizations except those organized
30 as nonprofit entities shall pay a tax on all gross direct
premiums written on persons residing in the State in accordance
with the provisions of Title 36, chapter 357.

32 **Sec. 3. 36 MRSA §2513-C** is enacted to read:

34 **§2513-C. Gross direct premium tax payable by certain health**
36 **maintenance organizations**

38 All health maintenance organizations except those organized
40 as nonprofit entities shall pay a tax on all gross direct
premiums written on persons residing in the State at the rate of
2% a year.

42 **Sec. 4. 36 MRSA §2515**, as amended by PL 1997, c. 435, §3, is
44 further amended to read:

46 **§2515. Amount of tax**

48 In determining the amount of tax due under section 2513 or,
50 2513-B or 2513-C, each company or health maintenance organization
shall deduct from the full amount of gross direct premiums the
amount of all direct return premiums on the gross direct premiums

2 and all dividends paid to policyholders on direct premiums, and
the tax must be computed by those companies or health maintenance
organizations or their agents.

4
6 **Sec. 5. 36 MRSA §6162-A, sub-§2**, as amended by PL 1997, c.
643, Pt. RR, §6, is further amended to read:

8 **2. Income.** Eligibility for this program is determined by
the-same-income-levels-as-eligibility-for-elderly-households-is
10 determined-under-chapter-907,-except-that-individuals-are-also
eligible-for-this-program-if-the-household-spends-at-least-40%-of
12 its-income-on-unreimbursed-direct-medical-expenses-for
prescription-drugs-and-the-household-income-is-not-more-than-25%
14 higher-than-the-levels-specified-in-chapter-907 according to
Title 22, section 254, subsection 2. For-the-purposes-of-this
16 subsection,-the-costs-of-drugs-provided-to-a-household-under-this
chapter-is-considered-a-cost-spent-by-the-household-for
18 eligibility-determination-purposes.

20 **Sec. 6. 36 MRSA §6162-A, sub-§6**, as enacted by PL 1987, c.
528, §2, is repealed.

22 **Sec. 7. Effective date.** This Act takes effect January 1, 2000.

24
26 **SUMMARY**

28 This bill expands eligibility for the elderly low-cost drug
program to 185% of the federal poverty line. It preserves the
30 provisions that allow eligibility to be determined in part based
on the cost of prescription drugs. It imposes a gross premium
32 tax on for-profit health maintenance organizations in the amount
that is paid by health insurers at the rate of 2% a year. The
34 bill contains an effective date of January 1, 2000.