

# MAINE STATE LEGISLATURE

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L.D. 2059

DATE: 5-20-99

(Filing No. H-631)

MINORITY  
BANKING AND INSURANCE

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
119TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1436, L.D. 2059, Bill, "An Act to Establish the Maine Single-payor Health Care Plan and to Restructure the State Tax System"

Amend the bill by striking out the title and substituting the following:

**'An Act to Establish the Maine Single-payor Health Care Plan'**

Further amend the bill by inserting after the title and before the enacting clause the following:

**'Preamble.** The Constitution of Maine, Article V, Part First, Section 8 provides that certain statutes enacted relating to confirmation procedures for gubernatorial nominees require a 2/3 vote of the members of each House present and voting.'

Further amend the bill in Part A in section 1 in that part designated "~~\$6911.~~" in subsection 2 by striking out all of paragraph D (page 3, lines 7 to 11 in L.D.)

Further amend the bill in Part A in section 1 in that part designated "~~\$6911.~~" in subsection 2 in paragraph F in the 2nd line (page 3, line 17 in L.D.) by striking out the following "~~\$5~~" and inserting in its place the following: '~~\$10~~'

Further amend the bill in Part A in section 1 in that part designated "~~\$6911.~~" in subsection 2 by striking out all of paragraph H (page 3, lines 30 to 33 in L.D.) and inserting in its place the following:

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2 'H. Services provided to plan enrollees relying on a  
3 recognized religious method of healing at the nearest  
4 facility accredited to provide those services and visiting  
5 nurse services when such nursing services are provided in  
6 accordance with the practice of religious principles and  
7 tenets for healing, as provided for in Title 32, section  
8 2103, equivalent to those services authorized by 18 United  
9 States Code.'

10 Further amend the bill in Part A in section 1 in that part  
11 designated "~~§6911.~~" in subsection 2 by relettering the paragraphs  
12 to read consecutively

13 Further amend the bill in Part A in section 1 in that part  
14 designated "~~§6911.~~" in subsection 3 in paragraph A in the last  
15 line (page 3, line 51 in L.D.) by inserting after the following:  
16 "enrollees" the following: ', except as provided in subsection  
17 2, paragraph G'

18 Further amend the bill in Part A in section 1 in that part  
19 designated "~~§6921.~~" in subsection 1 in the 4th line (page 5, line  
20 28 in L.D.) by striking out the following: "human resource" and  
21 inserting in its place the following: 'insurance'

22 Further amend the bill in Part A in section 1 in that part  
23 designated "~~§6922.~~" in subsection 3 by striking out all of  
24 paragraphs C, D and E and inserting in their place the following:

25 'C. Payments from state, county and municipal governmental  
26 units for coverage provided to employees of those units; and

27 D. Payments from any taxes or fees imposed by the  
28 Legislature to fund the plan.'

29 Further amend the bill in Part A in section 2 in the 3rd  
30 line (page 7, line 29 in L.D.) by striking out the following:  
31 "human resource" and inserting in its place the following:  
32 'insurance'

33 Further amend the bill in Part A by inserting after section  
34 2 the following:

35 **'Sec. A-3. Effective date. This Part takes effect January 1,**  
36 **2001.'**

37 Further amend the bill by striking out all of Part C and  
38 inserting in its place the following:

39 **'PART C**

**Sec. C-1. Report on funding Maine Single-payor Health Care Plan.**

2 By December 31, 2000, the Commissioner of Health Security and the  
3 State Tax Assessor shall report to the joint standing committees  
4 of the Legislature having jurisdiction over insurance and  
5 taxation matters on the funding levels necessary to support the  
6 Maine Single-payor Health Care Plan and to recommend a method or  
7 methods of taxation to provide adequate funding for the Maine  
8 Single-payor Health Care Plan. The method of taxation  
9 recommended in the report must be imposed on all Maine citizens  
10 at graduated levels on the basis of income. During the Second  
11 Regular Session of the 119th Legislature, the Joint Standing  
12 Committee on Taxation, in consultation with the Joint Standing  
13 Committee on Banking and Insurance, shall report out legislation  
14 establishing the Maine Single-payor Health Care Plan tax.

**PART D**

18 **Sec. D-1. 5 MRSA §285**, as amended by PL 1999, c. 152, Pt. E,  
19 §§1 and 2, is repealed.

22 **Sec. D-2. 5 MRSA §286**, as amended by PL 1991, c. 780, Pt. Y,  
23 §§26 and 27, is repealed.

24 **Sec. D-3. 5 MRSA §286-A**, as amended by PL 1991, c. 780, Pt.  
25 Y, §28, is repealed.

28 **Sec. D-4. 5 MRSA §957, sub-§4**, as repealed and replaced by PL  
29 1991, c. 591, Pt. III, §10, is amended to read:

30 **4. Funds.** The Department of Administration ~~Administrative~~  
31 ~~and Financial Services~~ shall receive and disburse funds made  
32 available to the program through ~~the provisions of section~~  
33 ~~286-A.~~ The Director of the Bureau of Human Resources shall  
34 oversee the implementation and administration of the program.  
35 Funds made available to the department for the purposes of this  
36 section, from any source, may not lapse, but must be carried  
37 forward to the next fiscal year to be expended for the same  
38 purpose.

40 **Sec. D-5. 5 MRSA §7034, sub-§9**, as amended by PL 1991, c. 780,  
41 Pt. Y, §93, is further amended to read:

44 **9. Administer state employee health insurance program.**  
45 Administer a health insurance program ~~that is through coverage~~  
46 ~~purchased for state employees~~ consistent with ~~the rules adopted~~  
47 ~~by the State Employee Health Commission and the requirements of~~  
48 ~~sections 285 to 286-A~~ the requirements of Title 24-A, chapter 87;

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2           **Sec. D-6. 5 MRSA §7036, sub-§24**, as enacted by PL 1991, c.  
591, Pt. III, §18, is amended to read:

4           **24. Administer state employee health insurance program for**  
**state employees.** Administer the Employee Health Insurance  
6 Program in accordance with Title 24-A, chapter 87 and the fund  
accounts established for this purpose by ~~sections 286, 286-A and~~  
8 section 1731;

10           **Sec. D-7. 5 MRSA §17105, sub-§1, ¶G**, as enacted by PL 1995, c.  
368, Pt. G, §5, is amended to read:

12           G. The executive director shall calculate amounts  
14 periodically due and payable by the State for premium  
payments for health insurance for retired state employees in  
16 accordance with ~~section 285, subsection 7~~ Title 24-A,  
chapter 87 and for retired teachers in accordance with Title  
18 20-A, section 13451, and shall inform the State of the  
amounts for payment by the State Controller.

20           **Sec. D-8. 5 MRSA §17401**, as amended by PL 1995, c. 368, Pt.  
22 G, §8, is further amended to read:

24           **§17401. Establishment and limitation of fund**

26           The State Retiree Health Insurance Fund is established to  
28 which must be credited all money provided by the State to pay  
premiums for group accident insurance and group sickness or  
health insurance for persons eligible for these payments under  
30 ~~section 285, subsection 7~~. After June 30, 1995, the State may  
not provide money to be credited to the fund and, after the  
32 balance in the fund as of June 30, 1995 has been exhausted, the  
fund may no longer be utilized.

34           **Sec. D-9. 20-A MRSA §12722, sub-§5**, as enacted by PL 1997, c.  
36 763, §4 and affected by §7, is amended to read:

38           **5. Retiree health benefits.** For purposes of ~~Title 5,~~  
~~section 285, subsection 7~~ determining eligibility for retiree  
40 health benefits, participants in the defined contribution plan  
offered by the board of trustees must be treated as persons who  
42 were previously eligible pursuant ~~to Title 5, section 285,~~  
~~subsection 1, paragraph A~~ for health benefits if those persons  
44 have terminated employment with the system, its colleges and  
subsidiaries, if that employment represents the last place of  
46 employment in which those persons are eligible for health  
insurance coverage under ~~Title 5, section 285~~ and if those  
48 persons are at least 60 years of age, except for termination due  
to disability when those persons are receiving disability  
50 benefits under a disability benefit program provided by the board

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2 of trustees under subsection 6. The board of trustees is  
3 responsible for payment of the State's share of health plan  
4 premiums ~~under Title 5, section 285, subsection 7~~ for defined  
5 contribution plan participants if the requirements of this  
6 subsection are met.

7 **Sec. D-10. 22 MRSA §3174-T, sub-§2, ¶C**, as reallocated by RR  
8 1997, c. 2, §46, is amended to read:

9 C. All children resident in the State are eligible except a  
10 child who:

- 11 (1) Is eligible for coverage under the Medicaid program;
- 12
- 13 (2) Is covered under a group health insurance plan or
- 14 under health insurance, as defined in Section 2791 of
- 15 the federal Public Health Service Act, 42 United States
- 16 Code, Section 300gg(c) (Supp. 1997);
- 17
- 18 (3) Is a member of a family that is eligible under
- 19 ~~Title 5, section 285~~ for health coverage under the
- 20 state employee health insurance program;
- 21
- 22 (4) Is an inmate in a public institution or a patient
- 23 in an institution for mental diseases; or
- 24
- 25 (5) Within the 3 months prior to application for
- 26 coverage under the Cub Care program, was insured or
- 27 otherwise provided coverage under an employer-based
- 28 health plan for which the employer paid 50% or more of
- 29 the cost for the child's coverage, except that this
- 30 subparagraph does not apply if:
  - 31 (a) The cost to the employee of coverage for the
  - 32 family exceeds 10% of the family's income;
  - 33
  - 34 (b) The parent lost coverage for the child because
  - 35 of a change in employment, termination of coverage
  - 36 under the Consolidated Omnibus Budget
  - 37 Reconciliation Act of 1985, COBRA, of the Employee
  - 38 Retirement Income Security Act of 1974, as
  - 39 amended, 29 United States Code, Sections 1161 to
  - 40 1168 (Supp. 1997) or termination for a reason not
  - 41 in the control of the employee; or
  - 42
  - 43 (c) The department has determined that grounds
  - 44 exist for a good-cause exception.
  - 45

46 **Sec. D-11. Effective date.** This Part takes effect January 1,  
47 2001.  
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2 aspects of the department is capped at 5% of the total annual budget for the fund.

4 The additional costs associated with recommending methods of  
6 taxation to provide adequate funding for the Maine Single-payor  
8 Health Care Plan can be absorbed by the Bureau of Revenue Services and the Department of Health Security utilizing existing budgeted resources.

10 While assuming that the Bureau of Insurance within the  
12 Department of Professional and Financial Regulation would continue to regulate all health insurance carriers that continue to offer a health insurance product in the State of Maine as well  
14 as other non-health insurance programs, managed care product filings and traditional indemnity filings and consumer assistance  
16 work for health insurance products would be expected to diminish. The bureau may require additional resources in the  
18 short-term related to the determination of coverage and fiscal solvency issues and for consultant services to assist with  
20 transition issues. However, over time, the number of currently authorized positions could be reduced The timing of these staff  
22 reductions and the resulting savings can not be determined at this time.

24 This bill repeals the State Employee Health Commission and  
26 the State Employee Health Insurance Program effective January 1, 2001. Active and retired state employees will be insured by the  
28 Maine Single-payor Health Care Plan. The estimated savings to be realized by the repeal of the State Employee Health Plan  
30 beginning in fiscal year 2000-01 can not be determined at this time.

32 The reductions of General Fund revenue from insurance  
34 premium taxes from health insurance also can not be determined at this time.'

38 **SUMMARY**

40 This amendment is the minority report of the committee.  
42 The amendment does the following.

44 1. It removes the requirement that the Maine Single-payor Health Care Plan provide coverage for long-term care and dental services.

46 2. It increases the maximum copayment that may be charged  
48 for prescription drugs to \$10.

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2 3. It clarifies the provision of healing services by  
recognized nonmedical religious providers.

4 4. It removes the requirement that payments from the  
6 tobacco settlement to the State be used to partially fund the  
Maine Single-payor Health Care Plan.

8 5. It requires that the Commissioner of Health Security  
10 report to the joint standing committee of the Legislature having  
jurisdiction over insurance matters.

12 6. It repeals the statutes creating the State Employee  
14 Health Commission and the State Employee Health Insurance  
Program. State employees will be insured under the Maine  
16 Single-payor Health Care Plan. It also corrects cross-references  
to the State Employee Health Commission and the State Employee  
18 Health Insurance Program.

20 7. It removes the provisions in the bill repealing all  
sales tax exemptions and increasing income tax rates. Instead,  
22 the amendment requires the Commissioner of Health Security and  
the State Tax Assessor to determine the funding levels required  
24 to support the Maine Single-payor Health Care Plan and to  
recommend to the Legislature the imposition of the Maine  
26 Single-payor Health Care Plan tax on all plan enrollees to  
provide funding for the plan.

28 8. The amendment also adds a fiscal note to the bill.