

MAINE STATE LEGISLATURE

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BANKING AND INSURANCE

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**STATE OF MAINE
SENATE
120TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT *A* " to S.P. 622, L.D. 1804, Bill, "An Act to Improve the Accessibility and Affordability of Health Care Benefits in the State"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 24-A MRSA §6603, sub-§1, ¶¶B and D, as enacted by PL 1993, c. 688, §1, are amended to read:

B. Must Except for those associations meeting the criteria of subsection 1-A, must be established by a trade association, industry association, political subdivision of the State, religious organization or professional association of employers or professionals that has a constitution or bylaws and that has been organized and maintained in good faith for a continuous period of one year for purposes other than that of obtaining or providing insurance;

D. May not be offered, advertised or available to employers or other members of the public generally, except as allowed under subsection 1-A;

Sec. 2. 24-A MRSA §6603, sub-§1-A is enacted to read:

1-A. Eligibility based on geographic association. To meet the requirements for approval and to maintain a multiple-employer welfare arrangement, an arrangement based on geographic association:

2 A. Must be established by an association with a principal
3 office in a location within a 40-mile radius of the
4 principal place of business of eligible employers;

5 B. Must permit eligibility for an employer that has
6 employed an average of 100 or fewer full-time employees
7 during the preceding calendar year, more of whom are
8 employed in this State than any other state, and for an
9 employer that is a licensed nonprofit hospital if the
10 employer or hospital is located within a 40-mile radius of
11 the association;

12 C. May establish eligibility standards for membership in
13 the association, except that an association may not deny
14 eligibility to an otherwise eligible employer or hospital on
15 the basis of health status or claims experience; and

16 D. Must meet the requirements for approval in subsection 1,
17 except as provided in subsection 1, paragraphs B and D.

18 **Sec. 3. 24-A MRSA §6611, sub-§2,** as enacted by PL 1993, c.
19 688, §1, is amended to read:

20 **2. Actuarial report.** At least once every 2 years each
21 arrangement must have a report prepared by an actuary who is an
22 associate or fellow of the Society of Actuaries and the American
23 Academy of Actuaries as to the actuarial soundness of the
24 arrangement. After an arrangement has filed 2 actuarial reports
25 pursuant to this subsection, an arrangement may request that the
26 superintendent grant a waiver of the filing requirement to the
27 arrangement. The If required, the report must be filed with the
28 superintendent. The report must consist of at least the
29 following:

30 **A.** An assessment of the adequacy of contribution rates in
31 meeting the level of benefits provided and changes, if any,
32 needed in the contribution rates to achieve or preserve a
33 level of funding adequate to enable payment of the benefit
34 amounts provided under the arrangement, which must include a
35 valuation of present assets, valued in accordance with
36 insurance accounting precepts, and prospective assets and
37 liabilities of the plan and the extent of unfunded accrued
38 liabilities;

39 **B.** A plan and schedule to amortize any unfunded liabilities
40 and a description of actions taken to reduce unfunded
41 liabilities;

42 **C.** A description and explanation of actuarial assumptions;
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2 D. A comparative review illustrating the level of funds
available to the arrangement from rates, investment income
and other sources realized over the period covered by the
4 report indicating the assumptions used;

6 E. A certification by the actuary that the report is
complete and accurate and that in the actuary's opinion the
8 techniques and assumptions used are reasonable, make good
and sufficient provision to meet the obligations of the
10 arrangement and meet the requirements and intent of this
chapter; and

12 F. Other factors or statements as may be reasonably
14 required by the superintendent in order to determine the
actuarial soundness of the plan.'

16 Further amend the bill by inserting at the end before the
18 summary the following:

20 **FISCAL NOTE**

22 The Bureau of Insurance within the Department of
24 Professional and Financial Regulation will incur some minor
additional costs in reviewing applications, providing
26 authorizations to operate and ongoing oversight of
multiple-employer welfare arrangements based on geographic
28 association. These costs can be absorbed within the bureau's
existing budgeted resources.'

32 **SUMMARY**

34 This amendment replaces the bill. It amends the provisions
governing multiple-employer welfare arrangements to allow an
36 arrangement based on geographic association. Employers with 100
or fewer employees and licensed hospitals located within a
38 40-mile radius are permitted to form an arrangement to self-fund
health insurance coverage with the approval of the Superintendent
40 of Insurance. These arrangements are required to meet the same
statutory standards as other multiple-employer welfare
42 arrangements.

44 The amendment also changes the provision relating to
actuarial reports by making the filing of an actuarial report at
46 least once every 2 years mandatory for the first 4 years. After
2 reports have been filed, an arrangement may apply to the
48 superintendent for a waiver from the mandatory filing requirement.

50 The amendment also adds a fiscal note to the bill.