

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)



120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1804

S.P. 622

In Senate, May 16, 2001

**An Act to Improve the Accessibility and Affordability of Health Care
Benefits in the State.**

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MILLS of Somerset.

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

4 **Sec. 1. 24-A MRSA §6603, first ¶**, as enacted by PL 1995, c.
618, §6, is amended to read:

6 This section governs all multiple-employer welfare
8 arrangements except for those offered by a registered employee
10 leasing company complying with the requirements of section 6603-A
or those self-funded arrangements that meet the criteria of
section 6603-B for eligible employers or associations.

12 **Sec. 2. 24-A MRSA §6603, sub-§1, ¶¶B and D**, as enacted by PL
14 1993, c. 688, §1, are amended to read:

16 B. Must be established by a trade association, industry
18 association, political subdivision of the State, religious
20 organization or professional association of employers or
22 professionals that has a constitution or bylaws and ~~that~~
has, except for those associations meeting the criteria of
section 6603-B, must have been organized and maintained in
good faith for a continuous period of one year for purposes
other than that of obtaining or providing insurance;

24 D. May not be offered, advertised or available to employers
26 or other members of the public generally, except as allowed
under section 6603-B;

28 **Sec. 3. 24-A MRSA §6603-B** is enacted to read:

30 **§6603-B. Self-funded business association**

32 A self-funded business association, referred to throughout
this section as an "association," that is composed of 2 or more
34 eligible employers and that provides health benefits on other
than a fully insured basis for eligible employees and their
36 dependents must comply with the requirements of this section.

38 1. Definitions. As used in this section, unless the
context otherwise indicates, the following terms have the
40 following meanings.

42 A. "Aggregate number of eligible employees who were not
full-time employees" means the quotient of the combined
44 average weekly hours worked by each eligible employee who
was not a full-time employee of a particular employer
46 divided by the standard for a full-time schedule for that
employer.

48 B. "Eligible employee" means every employee providing
50 services to or on behalf of an eligible employer and subject
to inclusion by an eligible employer in computing the

2 full-time equivalents calculation for the purposes of this
3 section, including a sole proprietor, a partner of a
4 partnership, a part-time employee or a per diem employee,
5 except that an eligible employee does not mean an employee
6 who works on a temporary or substitute basis.

7 C. "Eligible employer" means a person, firm, corporation,
8 partnership or association with a principal place of
9 business in a location within a 40-mile radius of the
10 principal office of an association that is actively engaged
11 in a business that:

12 (1) Employed an average of 100 or fewer full-time
13 equivalents during the preceding calendar year, more of
14 whom are employed in this State than any other state; or

15 (2) Is a nonprofit entity licensed as a hospital under
16 Title 22, chapter 405 and rules adopted under that
17 chapter.

18 D. "Full-time employee" means an individual who works for
19 an eligible employer on a full-time basis with a normal
20 workweek of 35 hours or more.

21 E. "Full-time equivalents" means the total workforce of
22 employees of an employer and is calculated for the previous
23 calendar year by averaging the previous year's 12 monthly
24 totals of:

25 (1) The sum of full-time employees in each of the 12
26 months; plus

27 (2) The aggregate number of eligible employees who
28 were not full-time employees in that particular month.

29 A single employee may not count as more than one full-time
30 equivalent even if the employee worked more hours per week
31 than the full-time schedule.

32 **2. Requirement for approval.** The arrangement must meet the
33 requirements of this subsection to establish a multiple-employer
34 welfare arrangement or to maintain operations of a
35 multiple-employer welfare arrangement.

36 A. The association may consist only of eligible employers.

37 B. Within 4 months following the end of the arrangement's
38 fiscal year or within such extension of time as the
39 superintendent for good cause may grant, the arrangement
40 shall file with the superintendent an annual financial
41 statement.

2 report certified by an independent certified public
3 accountant. The report must include a letter of
4 qualification from the accountant that meets the
5 requirements of section 6611, subsection 1-A. The report
6 must provide the name and address of the insurer providing
7 excess insurance and it must also include an analysis of the
8 adequacy of reserves and contributions or premiums charged
9 based on a review of past and projected claims and expenses.

10 C. Within 45 days following the end of the arrangement's
11 fiscal quarter, the arrangement shall file with the
12 superintendent a letter from a duly authorized
13 representative of the association, certifying that:

14 (1) Excess insurance is maintained with a retention
15 level adequate for the plan; and

16 (2) Appropriate loss and loss expense reserves are
17 maintained that are adequate for the plan.

18 D. Any necessary excess insurance must be purchased from an
19 insurer licensed to transact health or casualty insurance in
20 this State.

21 E. The association shall issue to each covered employee a
22 contract, certificate, summary plan description or other
23 evidence of the benefits and coverages provided. The
24 evidence of the benefits and coverages provided must contain
25 in boldface print in a conspicuous location the following
26 statement: "The benefits and coverages described herein are
27 provided by (name of association) on a self-insured basis,
28 not through a contract with a commercial insurance carrier."

29 F. The association must pay the filing fee specified in
30 section 601 at the time it submits the application for
31 approval.

32 **3. Application for approval.** To obtain approval, an
33 arrangement must submit a letter of application to the
34 superintendent that includes or has attached the material
35 required by subsection 2. If any information is not available at
36 the time of application, the arrangement must specify in the
37 letter when that information will be provided. The
38 superintendent, in the superintendent's discretion, may grant
39 approval of an arrangement conditioned upon the timely receipt of
40 the required information if the superintendent determines that
41 the arrangement is funded at a level consistent with the purposes
42 of this chapter.

