

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)

10/12

L.D. 1021

DATE: 4/12/06

(Filing No. H-1008)

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48
50

LABOR
Report B

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "C" to H.P. 706, L.D. 1021, Bill, "An Act To Implement Task Force Recommendations Relating to Parity and Portability of Benefits for Law Enforcement Officers and Firefighters"

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

'An Act To Create the Retired County and Municipal Law Enforcement Officers and Municipal Firefighters Health Insurance Program and To Provide Portability of Benefits for Law Enforcement Officers and Firefighters'

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

PART A

Sec. A-1. 5 MRSA c. 13, sub-c. 3 is enacted to read:

SUBCHAPTER 3

HEALTH INSURANCE PROGRAM FOR RETIRED LAW ENFORCEMENT OFFICERS AND FIREFIGHTERS

§286-M. Retired County and Municipal Law Enforcement Officers and Municipal Firefighters Health Insurance Program

1. Program established. The Retired County and Municipal Law Enforcement Officers and Municipal Firefighters Health Insurance Program is established as a self-funding program to provide health insurance coverage to retired county and municipal law enforcement officers and retired municipal firefighters.

COMMITTEE AMENDMENT

P. 015

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48
50

2. Definitions. As used in this subchapter, the following terms have the following meanings.

A. "County or municipal law enforcement officer" means a person who by virtue of employment by a county or municipal government in the State is vested by law with the power to make arrests for crimes or serve criminal process, whether that power extends to all crimes or is limited to specific crimes. "County or municipal law enforcement officer" does not include a state or federal law enforcement officer, an attorney prosecuting for a county or municipal government or a reserve officer.

B. "Dependent" means a spouse, an unmarried child under 19 years of age, a child who is a student under 23 years of age and financially dependent upon the enrollee, a child of any age who is disabled and dependent upon the enrollee or a domestic partner as defined in Title 24-A, section 2741-A.

C. "Division" means the Department of Administrative and Financial Services, Division of State Employee Health Insurance.

D. "Enrollee" means a county or municipal law enforcement officer or municipal firefighter who has enrolled in the program.

E. "Fund" means the Firefighters and Law Enforcement Officers Health Insurance Program Fund established in subsection 7.

F. "Group health plan" or "group health insurance plan" means any employer-sponsored group health insurance plan, whether self-insured or fully insured, that provides coverage to eligible employees, retirees and their dependents.

G. "Majority multiple-employer welfare arrangement" means the multiple-employer welfare arrangement, as defined in Title 24-A, section 6601, subsection 5, in which the majority of state municipal government employees are enrolled as of the effective date of this section.

H. "Municipal firefighter" means a person employed by a municipal fire department with the primary responsibility of aiding in the extinguishment of fires and includes a member of emergency medical services line personnel but does not include a member of a volunteer firefighter association. For the purposes of this paragraph, "emergency medical

services line personnel" means persons who are career employees employed full-time by a public sector agency or employer and whose primary responsibility is to provide emergency medical services.

I. "Program" means the Retired County and Municipal Law Enforcement Officers and Municipal Firefighters Health Insurance Program established in this section.

3. Eligibility for program coverage. A person must make contributions pursuant to subsection 8 for 60 months in order to be eligible for coverage under the program. In addition, a person must satisfy the eligibility criteria specified in this subsection as follows:

A. The person must:

(1) Be a retired county or municipal law enforcement officer or a retired municipal firefighter;

(2) Have, while actively employed as a county or municipal law enforcement officer or municipal firefighter, participated in the person's employer's health insurance plan or other fully-insured health insurance plan; and

(3) Receive or be eligible to receive:

(a) If retired from at least 25 years of service in a position as a county or municipal law enforcement officer or a municipal firefighter, a retirement benefit from the Maine State Retirement System or a defined contribution retirement plan other than the United States Social Security Act; or

(b) If retired from less than 25 years of service in a position as a county or municipal law enforcement officer or a municipal firefighter, a retirement benefit from the Maine State Retirement System or a defined contribution retirement plan other than the United States Social Security Act, as long as the benefit provided is at least 50% of average final compensation, with no reduction for early retirement and with or without a cost-of-living adjustment; or

B. The person must be a dependent of a person meeting the criteria of paragraph A.

2 4. Program administration. The program is administered by
the division. The division shall:

4 A. Enter into administrative arrangements with fully
insured health insurance product vendors to implement the
6 purposes of this section;

8 B. Remit authorized premium subsidy payments for enrolled
eligible persons and enrolled dependents to any fully
10 insured group health insurance plans on a periodic basis, as
established by agreements with the providers of those plans.
12 The dollar value of the subsidy payment may vary with the
14 premium cost of the benefit plan in which the enrollee
participates;

16 C. Make and analyze actuarial assessments of the program to
determine the annual enrollee contribution and premium
18 subsidy levels necessary to maintain the program as
self-funding; and

20 D. Adopt rules to implement the purposes of this section,
22 including the determination of the program subsidy for
enrollees pursuant to subsection 6. Rules adopted under
24 this subsection are routine technical rules as defined in
chapter 375, subchapter 2-A.

26 5. Enrollment. All county and municipal law enforcement
28 officers and municipal firefighters shall enroll in the program.
Notwithstanding the date of enrollment, insurance coverage is not
30 effective until the date of retirement or January 1, 2012,
whichever occurs later. Persons shall enroll themselves, and may
32 enroll their spouses and their dependents, in the program during
the following time periods:

34 A. When the effective date of the initial hire of the
36 person is on or before November 1, 2006, the person shall
enroll in the program before January 1, 2007, subject to the
38 enrollment and eligibility requirements of the applicable
group health plan; or

40 B. When the effective date of the initial hire of the person
42 is after November 1, 2006, the person shall enroll in the
program no later than 60 days following the effective date
44 of the initial hire, subject to the enrollment and
eligibility requirements of the applicable group health plan.

46 6. Premiums; subsidy. Premiums for the program and the
48 premium subsidy are subject to the provisions of this
subsection. Premium subsidies must be funded from employee

contributions pursuant to subsection 8. Premium subsidies are not provided for supplemental health insurance coverage.

A. An eligible retired enrollee participating in the majority multiple-employer welfare arrangement is responsible for the premium payment associated with the cost of the majority multiple-employer welfare arrangement benefit option in which the eligible retired enrollee is participating, to the extent such premium obligations exist following the application of any premium subsidy authorized by law. An eligible retired enrollee who fails to remit the premium payments as established and required by the majority multiple-employer welfare arrangement must be disenrolled from the program. Beginning January 1, 2012, the division shall use the fund established in subsection 7 to provide a premium subsidy for eligible retired enrollees in the form of a direct payment to the majority multiple-employer welfare arrangement for each eligible retired enrollee. The level of the subsidy may not exceed 45% of the individual premium cost for the eligible retired enrollee and varies among eligible retired enrollees depending upon the terms of the majority multiple-employer welfare arrangement coverage plan in which each eligible retired enrollee is participating. Eligible retired enrollees are responsible for the balance of the applicable individual premium, as well as the total cost of the premium for any applicable dependent coverage, and shall make payments directly to the majority multiple-employer welfare arrangement.

B. Enrollees retiring from counties or municipalities that do not participate in the majority multiple-employer welfare arrangement but who are eligible for and elect to participate in that county's or municipality's fully insured health benefits plan are responsible for the premium payment associated with the cost of that plan, to the extent such premium obligations exist following the application of any premium subsidy authorized by law. An eligible retired enrollee who fails to remit the premium payments as established and required by the fully insured plan must be disenrolled from the program. Beginning January 1, 2012, the division shall use the fund established in subsection 7 to provide a premium subsidy for eligible retired enrollees participating in fully insured health benefits plans pursuant to this subsection. This subsidy must be made in the form of a direct payment to the eligible retired enrollee's health benefits plan and may not exceed 45% of the individual premium cost for the eligible retired enrollee or a dollar amount equivalent to the highest premium subsidy provided in accordance with paragraph A,

2/28/08

COMMITTEE AMENDMENT "C" to H.P. 706, L.D. 1021

2 whichever is less. An eligible retired enrollee is
3 responsible for payment of 100% of coverage for a spouse or
4 a dependent in the program in addition to that portion of
5 the eligible retired enrollee's individual premium cost not
6 covered by a premium subsidy.

7 **7. Fund established.** The Firefighters and Law Enforcement
8 Officers Health Insurance Program Fund is established as a
9 nonlapsing, dedicated account administered by the division.
10 Active employee contributions pursuant to subsection 8, premium
11 dividends accruing to the State, return of premiums resulting
12 from risk reduction programs and any other receipts must be
13 deposited into the fund to be used for the purposes of the
14 program. The fund is a pooled account. Individual law
15 enforcement officers and firefighters do not have a right to
16 money deposited in the fund except to the extent premium
17 subsidies are available to program enrollees.

18 **8. Employee contributions to the fund.** The contributions of
19 enrollees to the fund are governed by this subsection.

20 A. Beginning January 1, 2007, each enrollee shall
21 contribute 2% of that enrollee's gross wages to the fund.

22 B. The employer of an enrollee shall remit on a monthly
23 basis that enrollee's contribution to the fund.

24 **9. Coverage under the program.** The benefits, copayments
25 and deductibles under the program are determined by the fully
26 insured health benefits plan in which the retired enrollee
27 participates. Pursuant to the rules of the applicable plan, a
28 retired enrollee is required to participate in the same health
29 insurance plan as the active employees of the unit of government
30 from which the enrolled person has retired. Participation in any
31 qualified health insurance plan is subject to the rules of that
32 plan.

33 **10. Volunteer and call firefighters and reserve law**
34 **enforcement officers.** A member of a volunteer or call
35 firefighters' association in this State, as well as a person
36 serving as a county or municipal law enforcement officer on a
37 reserve basis, is eligible to participate in the program of
38 health benefits coverage established pursuant to the eligibility
39 criteria and other provisions set forth in Title 24-A, chapter 87
40 if that person meets the eligibility requirements under that
41 chapter.

42 **11. Report.** The division shall submit a report to the
43 joint standing committee of the Legislature having jurisdiction
44 over insurance and financial services matters in the Second
45 Regular Session of the 124th Legislature, and biennially
46 submit a report to the Legislature.

COMMITTEE AMENDMENT

2 thereafter, on the status of the program, program participation
4 and the financing of the program, including the status of the
6 fund, expenditures from the fund, current and projected premium
8 costs to the program and to program enrollees and a projection of
10 funding needs for the next 5 years. The report must provide
12 options, based on projections of future need, for changing the
14 method of funding the premium subsidy and employee contributions.'

16 Further amend the bill in Part B in section 1 in paragraph D
18 in the 3rd and 4th lines (page 4, lines 30 and 31 in L.D.) by
20 striking out the following: "subsection 1, paragraph B" and
22 inserting in its place the following: 'subsection 3, paragraph
24 A, subparagraph (3)'

26 Further amend the bill in Part B in section 2 in paragraph E
28 in the 3rd and 4th lines (page 4, lines 43 and 44 in L.D.) by
30 striking out the following: "subsection 1, paragraph B" and
32 inserting in its place the following: 'subsection 3, paragraph
34 A, subparagraph (3)'

22 SUMMARY

24 This amendment, which is the minority report of the Joint
26 Standing Committee on Labor, strikes Part A of the bill and
28 replaces it with a new Part A that creates the Retired County and
30 Municipal Law Enforcement Officers and Municipal Firefighters
32 Health Insurance Program, a self-funding program that provides
34 for health insurance coverage when the retiree is eligible for a
36 retirement benefit under certain conditions and participated in
38 the county or municipal health plan while employed. The
40 amendment also provides for a premium subsidy, beginning January
42 1, 2012, not to exceed 45% of the cost of insurance premiums, or
44 dollar equivalents, for each eligible retiree. The premium
46 subsidy is funded from employee contributions. Health insurance
48 coverage under the program is not effective until January 1, 2012
50 or the date of retirement, whichever occurs later. Persons whose
date of initial hire is on or before November 1, 2006 must enroll
in the plan before January 1, 2007. Persons whose date of
initial hire is after November 1, 2006 must enroll in the plan no
later than 60 days following the effective date of initial hire.
Effective January 1, 2007, each county and municipal law
enforcement officer and each municipal firefighter must
contribute 2% of gross wages to a fund to pay for the costs of
the program. An enrollee must make contributions to the fund for
60 months in order to be eligible for coverage under the
program. Members of volunteer or call firefighters' associations
in this State, as well as persons serving as county or municipal
law enforcement personnel on a reserve basis, are eligible to
participate in the program of health benefits coverage

COMMITTEE AMENDMENT "C" to H.P. 706, L.D. 1021

2 established pursuant to the eligibility criteria and other
provisions set forth in the Maine Revised Statutes, Title 24-A,
4 chapter 87 as long as they meet the eligibility requirements
under that chapter.

FISCAL NOTE REQUIRED
(See Attached)



122nd MAINE LEGISLATURE

LD 1021

LR 0263(06)

An Act To Implement Task Force Recommendations Relating to Parity and Portability of Benefits for Law Enforcement Officers and Firefighters

Fiscal Note for Bill as Amended by Committee Amendment "C"

Committee: Labor

Fiscal Note Required: Yes

Minority Report

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Appropriations/Allocations				
Other Funds	\$0	\$0	\$0	\$0
Revenue				
Other Funds	\$0	\$870,000	\$1,823,520	\$1,911,049

Current Cost - State Mandate

State Mandate

New or Expanded Activity

Requires counties and municipalities to collect contributions from participating employees and remit these contributions to the State. The increase in workload to the counties and municipalities generated by these requirements is a state mandate pursuant to the Maine Constitution. The additional costs are expected to be insignificant.

Unit Affected

Municipality
County

Costs

Insignificant
Insignificant

Fiscal Detail and Notes

The bill requires participants in the newly created Retired County and Municipal Law Enforcement Officers and Municipal Firefighters Health Insurance Program to make contributions for 5 years in order to be eligible for coverage under the program. The bill establishes the contribution, effective January 1, 2007, equal to 2.0% of gross wages. For the purposes of this fiscal note, it is assumed that all of the estimated 2,900 active law enforcement officers and firefighters would be required to participate, paying the 2.0% assessment on an average salary of \$30,000. The bill's premium subsidy payments toward the cost of health insurance for eligible, pre-Medicare, retired law enforcement officers and firefighters would not take effect until January 1, 2012, and would be self-funded by employee contributions made to the program.