

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 1472

H.P. 1035

House of Representatives, March 24, 2005

An Act To Amend the Laws Governing the Rural Medical Access Program

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative MARRACHÉ of Waterville.
Cosponsored by Senator MAYO of Sagadahoc and
Representatives: BRAUTIGAM of Falmouth, MILLETT of Waterford, PERRY of Calais.

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

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Sec. 1. 24-A MRSA §6303, sub-§3, as enacted by PL 1989, c. 931, §5, is amended to read:

3. Self-insured. "Self-insured" means any physician, hospital or physician's employer insured against the physician's professional negligence or the hospital's professional liability through any entity other than an insurer as defined in subsection 1. For purposes of this chapter, a physician, hospital or physician's employer that does not purchase insurance is considered self-insured.

Sec. 2. 24-A MRSA §6304, first ¶, as enacted by PL 1989, c. 931, §5, is amended to read:

To provide funds for the Rural Medical Access Program, insurers may collect pursuant to this chapter assessments from physicians, licensed and practicing medicine in this State and hospitals and physician's employers located in the State.

Sec. 3. 24-A MRSA §6304, sub-§4, as amended by PL 1993, c. 600, Pt. B, §§21 and 22 and PL 2003, c. 689, Pt. B, §6, is further amended to read:

4. Determination of assessments paid. After review of the records provided by the Board of Licensure in Medicine, the Board of Osteopathic Licensure and the Department of Health and Human Services, Division of Licensure and Certification, and the assessment receipts of the malpractice insurers, the superintendent shall ~~certify~~ determine those physicians, hospitals and ~~physicians'~~ physician's employers that have paid the required assessments.

Sec. 4. 24-A MRSA §6305, sub-§1, ¶C, as enacted by PL 1989, c. 931, §5, is amended to read:

C. The amount of the assessment for policy years beginning on or after July 1, 1991, is 50% of the amount of the savings determined under paragraph A, but not exceeding \$500,000. This paragraph is repealed June 30, 2006.

Sec. 5. 24-A MRSA §6305, sub-§1, ¶D, as enacted by PL 1989, c. 931, §5, ~~is~~ repealed.

Sec. 6. 24-A MRSA §6305, sub-§2, as amended by PL 1999, c. 668, §113, is repealed.

Sec. 7. 24-A MRSA §6305, sub-§3 is enacted to read:

2 3. Assessment rates; program fund balance. For assessment
3 years prior to July 1, 2006, the assessment is 1.25% of premium.
4 For assessment years commencing July 1, 2006 and after, the
5 assessment is .75% of premium unless adjusted pursuant to this
6 subsection. The assessment rate is intended to result in
7 collections no greater than \$500,000 per assessment year. When
8 the program fund balance is \$50,000 or less, the assessment rate
9 must increase to 1% of premium. When the program fund balance is
10 more than \$50,000, the assessment rate must decrease to .75% of
11 premium. The superintendent shall notify affected parties of any
12 assessment rate adjustment and the effective date of that
13 adjustment.

14 The program fund balance may be used to pay assistance to
15 qualified eligible physicians in prior years for which there were
16 insufficient funds. If all prior years' eligible qualified
17 physicians have received assistance, any excess funds must be
18 carried forward to subsequent plan years as part of the program
19 fund balance. Excess funds must be applied first to the
20 assessment year commencing July 1, 1998 and then to each
21 successive assessment year.

22 For the purposes of this section, "program fund balance" means
23 the total funds collected in excess of assistance paid for all
24 years.

25 Sec. 8. 24-A MRSA §6306, as enacted by PL 1989, c. 931, §5,
26 is amended to read:

27 **§6306. Funds held by insurers**

28 Insurers ~~may~~ shall invest assessments collected subject to
29 chapter 13. Interest earned on investments must be credited to
30 the Rural Medical Access Program.

31 Sec. 9. 24-A MRSA §6308, sub-§2, as amended by PL 1991, c.
32 734, §5 and PL 2003, c. 689, Pt. B, §7, is further amended to
33 read:

34 2. **Determination of participants in the program.** The
35 superintendent shall apply the standards of prioritization
36 adopted by the Commissioner of Health and Human Services to
37 determine the physicians who are eligible for the program. The
38 funding available for each qualified physician is the amount
39 equal to the difference between the physician's medical
40 malpractice insurance premiums with obstetrical care coverage and
41 the physician's premiums without obstetrical care coverage;
42 however, the funding must be at least \$5,000 but may not be more
43 than ~~\$10,000~~ \$15,000 as determined by the superintendent.

2 Program payments must be made to the individual or entity paying
the medical malpractice premium for the qualified physician.

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6 SUMMARY

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8 This bill clarifies that a physician, hospital or
physician's employer that does not purchase insurance is
10 considered self-insured for the purposes of the Rural Medical
Access Program.

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The bill limits assessments to physicians licensed and
14 practicing medicine in this State and removes the requirement
that the Superintendent of Insurance certify that all physicians,
hospitals and physician's employers have paid the assessment.

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The bill removes a provision that the assessment be
18 distributed on a prorated basis. The assessment is made as a
percentage of premium. The maximum assessment rate of 1.25% is
20 the current rate. That rate will be reduced to .75% effective
July 1, 2006. The assessment rate will be adjusted automatically
22 based upon the level of excess funds that have accumulated. The
bill also provides that the program fund balance may be used to
24 pay assistance to qualified eligible physicians in prior years
for which there were insufficient funds. If all prior years'
26 eligible qualified physicians have received assistance, any
excess funds must be carried forward to subsequent plan years as
28 part of the program fund balance.

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The bill requires, rather than permits, an insurer to invest
collected assessments.

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The bill increases the maximum assistance level to \$15,000
34 from \$10,000.