

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2007

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Legislative Document

No. 1082

H.P. 800

House of Representatives, March 6, 2007

### **An Act To Create a Maine-based Independent Nonprofit Health Insurance Company**

(EMERGENCY)

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

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative PRIEST of Brunswick.  
Cosponsored by Senator MARTIN of Aroostook and  
Representatives: BRAUTIGAM of Falmouth, CONOVER of Oakland, CROCKETT of  
Augusta, GERZOFKY of Brunswick, MILLER of Somerville, PIEH of Bremen, TREAT of  
Farmingdale, WEBSTER of Freeport.

1       **Emergency preamble.** Whereas, acts and resolves of the Legislature do not  
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3       **Whereas,** current market conditions are having a negative impact on the  
4 affordability and availability of health insurance coverage for residents of this State; and

5       **Whereas,** the individual health insurance market appears to be monopolized by one  
6 carrier, and the health care delivery system in this State is being consolidated; and

7       **Whereas,** health care costs in this State continue to be the highest in New England  
8 and among the highest in the Nation based on various cost indicators; and

9       **Whereas,** recent proposed and approved premium rate increases in the individual  
10 and small group health insurance markets may force currently insured persons to drop  
11 their health insurance coverage on the basis of cost; and

12       **Whereas,** the creation of a nonprofit health plan by the State may bring greater  
13 competition and choices for health insurance consumers in this State; and

14       **Whereas,** in the judgment of the Legislature, these facts create an emergency within  
15 the meaning of the Constitution of Maine and require the following legislation as  
16 immediately necessary for the preservation of the public peace, health and safety; now,  
17 therefore,

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

19       **Sec. 1. 24-A MRSA §6910, sub-§2,** as amended by PL 2005, c. 400, Pt. C, §8, is  
20 further amended to read:

21       **2. Legislative approval of nonprofit health care plan.** ~~If health insurance carriers~~  
22 ~~do not apply to offer and deliver Dirigo Health Program coverage, the~~ The board may  
23 ~~have Dirigo Health~~ shall provide access to health insurance under Dirigo Health by  
24 ~~proposing the establishment of~~ establishing a nonprofit health care plan organized under  
25 Title 13-B and authorized pursuant to Title 24, chapter 19 ~~or by proposing the expansion~~  
26 ~~of an existing public plan. If the board proposes the establishment of a nonprofit health~~  
27 ~~care plan or the expansion of an existing public plan, the board shall submit its proposal,~~  
28 ~~including, but not limited to, a funding mechanism to capitalize a nonprofit health care~~  
29 ~~plan and any recommended legislation to the joint standing committee of the Legislature~~  
30 ~~having jurisdiction over health insurance matters. Dirigo Health may not provide access~~  
31 ~~to health insurance by establishing a nonprofit health care plan or through an existing~~  
32 ~~public plan without specific legislative approval. The nonprofit health care plan~~  
33 ~~established under this subsection must be authorized by the superintendent pursuant to~~  
34 ~~Title 24, chapter 19 and begin providing health insurance coverage not later than October~~  
35 ~~1, 2008.~~

36       **Sec. 2. Establishment of nonprofit health care plan.** The Board of Directors  
37 of Dirigo Health, established in the Maine Revised Statutes, Title 24-A, section 6904,  
38 shall establish the nonprofit health care plan under the Maine Revised Statutes, Title 24-

1 A, section 6910, subsection 2 to offer residents of this State health insurance coverage  
2 under Dirigo Health as an alternative to those health insurance products currently offered  
3 by commercial health insurance carriers. The board shall consult with the Department of  
4 Professional and Financial Regulation, Bureau of Insurance and other state agencies as  
5 necessary to develop a plan of operation for the nonprofit health care plan. The board  
6 may contract for actuarial, financial and legal expertise to identify the funding needs for  
7 capital and adequate reserves and to identify the statutory requirements of Title 24,  
8 chapter 19 for nonprofit health care plans. The board shall submit a plan of operation for  
9 the nonprofit health care plan to the Superintendent of Insurance pursuant to Title 24,  
10 chapter 19 not later than March 1, 2008.

11 **Sec. 3. Authority to submit legislation.** If the Board of Directors of Dirigo  
12 Health determines legislation is needed to carry out the purposes of this Act, including,  
13 but not limited to, legislation to establish a funding mechanism for the nonprofit health  
14 care plan, the board shall submit any recommended legislation to the Joint Standing  
15 Committee on Insurance and Financial Services not later than December 1, 2007. The  
16 Joint Standing Committee on Insurance and Financial Services shall submit any  
17 necessary legislation to the Second Regular Session of the 123rd Legislature.

18 **Emergency clause.** In view of the emergency cited in the preamble, this  
19 legislation takes effect when approved.

## 20 SUMMARY

21 This bill directs the Board of Directors of Dirigo Health to establish a nonprofit  
22 health care plan to deliver health insurance coverage under Dirigo Health as an  
23 alternative to health insurance coverage offered by commercial health insurance carriers.  
24 The bill requires the board to consult with the Department of Professional and Financial  
25 Regulation, Bureau of Insurance and other state agencies as necessary and authorizes the  
26 board to contract for actuarial, financial and legal services. If the board determines that  
27 additional legislation is needed to establish the nonprofit health care plan, the bill requires  
28 that the recommended legislation be submitted to the Joint Standing Committee on  
29 Insurance and Financial Services by December 1, 2007. The bill authorizes the Joint  
30 Standing Committee on Insurance and Financial Services to submit legislation to the  
31 Second Regular Session of the 123rd Legislature. The bill directs that the board present a  
32 plan of operation for the nonprofit health care plan pursuant to the Maine Revised  
33 Statutes, Title 24, chapter 19 to the Superintendent of Insurance by March 1, 2008.  
34 Finally, the bill requires that the nonprofit health care plan begin offering coverage by  
35 October 1, 2008.