

MAINE STATE LEGISLATURE

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Date: 1/30/8

Minority

(Filing No. H- 667)

INSURANCE AND FINANCIAL SERVICES

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

**STATE OF MAINE
HOUSE OF REPRESENTATIVES
123RD LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1226, L.D. 1760, Bill, "An Act To Restore Competition to Maine's Health Insurance Market"

Amend the bill by striking out all of section 1 (page 1, lines 2 to 16 in L.D.) and inserting the following:

'Sec. 1. 24-A MRSA §604-A is enacted to read:

§604-A. Premium assessment; health maintenance organizations

1. Assessment. A health maintenance organization authorized to do business in this State pursuant to chapter 56 shall pay an assessment of 2% per year on all gross direct premiums on all policies, contracts and certificates written on residents in this State. The assessment imposed by this section applies to all gross direct premiums collected or contracted for on health maintenance organization policies, contracts and certificates issued or renewed on or after January 1, 2009. Beginning in 2010, each health maintenance organization shall file an annual report on or before February 1st of each year with the superintendent containing a sworn statement of the gross direct premiums and shall pay to the superintendent an amount equal to 2% of those gross premiums.

2. Dedicated account. The assessments paid pursuant to subsection 1 must be deposited in a special dedicated, nonlapsing revenue account administered by the superintendent.

3. Transfer to reinsurance pool. Beginning April 1, 2009, on a quarterly basis, the superintendent shall transfer assessments paid by health maintenance organizations pursuant to subsection 1 from the account established in subsection 2 to the Maine Individual High-risk Reinsurance Pool Association established in chapter 54.'

Amend the bill in section 4 in paragraph D in subparagraph (4) in the 2nd line (page 2, line 10 in L.D.) by striking out the following: "2008" and inserting the following: '2009'

COMMITTEE AMENDMENT

AMS

COMMITTEE AMENDMENT "A" to H.P. 1226, L.D. 1760

1 Amend the bill in section 4 in paragraph D in subparagraph (5) in the 2nd line (page
2 2, line 16 in L.D.) by striking out the following: "2008" and inserting the following:
3 '2009'

4 Amend the bill in section 5 by striking out all of paragraph G (page 2, lines 25 to 28
5 in L.D.) and inserting the following:

6 'G. A carrier that offered individual health plans prior to January 1, 2009 may close
7 its individual book of business sold prior to January 1, 2009 and may establish a
8 separate community rate for individuals applying for coverage under an individual
9 health plan after January 1, 2009.'

10 Amend the bill in section 6 in subsection 3 in paragraph A in subparagraph (2) in
11 division (b) in the 2nd to 5th lines (page 3, lines 13 to 16 in L.D.) by blocking the 2nd
12 sentence to subparagraph (2)

13 Amend the bill in section 7 in §3903 in subsection 2 by striking out all of paragraph
14 A and inserting the following:

15 'A. The board consists of 11 members appointed as follows.

16 (1) Six members appointed by the superintendent, of whom:

17 (a) Two members must be chosen from the general public and may
18 not be associated with the medical profession, a hospital or an insurer;

19 (b) Two members must represent medical providers;

20 (c) One member must represent health insurance producers; and

21 (d) One member must represent a statewide association representing
22 small businesses that receives the majority of its funding from persons
23 and businesses in the State.

24 A board member appointed by the superintendent may be removed at any
25 time without cause; and

26 (2) Five members appointed by insurers belonging to the association, at least 2
27 of whom are domestic insurers.'

28 Amend the bill in section 7 in §3908 in subsection 1 in the 3rd line (page 10, line 37
29 in L.D.) by striking out the following: "2008" and inserting the following: '2009'

30 Amend the bill in section 7 in §3908 in subsection 1 in the 4th line (page 10, line 38
31 in L.D.) by striking out the following: "2009" and inserting the following: '2010'

32 Amend the bill in section 7 in §3912 in subsection 1 in the 3rd line (page 14, line 1 in
33 L.D.) by striking out the following: "2008" and inserting the following: '2009'

34 Amend the bill in section 7 in §3912 in subsection 1 in paragraph A in the 2nd line
35 (page 14, line 4 in L.D.) by striking out the following: "2008" and inserting the following:
36 '2009'

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COMMITTEE AMENDMENT "A" to H.P. 1226, L.D. 1760

1 Amend the bill in section 7 in §3912 in subsection 1 in paragraph C in the 2nd line
2 (page 14, line 17 in L.D.) by striking out the following: "2009" and inserting the
3 following: '2010'

4 **SUMMARY**

5 This amendment is the minority report of the committee. The amendment clarifies
6 that assessments collected to support the Maine Individual High-risk Reinsurance Pool
7 Association are first deposited in a dedicated fund administered by the Superintendent of
8 Insurance and then transferred to the association. The amendment also clarifies the timing
9 of the transfers to the association. The amendment removes 2 Legislators from the board
10 of the association and adds 2 additional members appointed by insurers.

11 The amendment also changes dates in the bill to reflect the timeline based on
12 enactment of the bill during the Second Regular Session of the 123rd Legislature.

13 **FISCAL NOTE REQUIRED**
14 **(See attached)**



123rd MAINE LEGISLATURE

LD 1760

LR 565(02)

An Act To Restore Competition to Maine's Health Insurance Market

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

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	\$0	\$135,781	\$1,227,525	\$1,424,540
Appropriations/Allocations				
Other Special Revenue Funds	\$0	\$0	\$16,022,197	\$16,823,307
Revenue				
General Fund	\$0	(\$135,781)	(\$1,227,525)	(\$1,424,540)
Other Special Revenue Funds	\$0	(\$7,297)	\$15,954,864	\$16,745,168

Fiscal Detail and Notes

The bill includes a new health maintenance organization assessment of 2% of gross direct premiums to help fund the newly established Maine Individual High-risk Reinsurance Pool.

The fiscal note assumes the corporate tax revenue loss associated with the health maintenance organization assessment will reduce General Fund revenue by \$135,781 in fiscal year 2008-09, reflecting initial reductions in quarterly corporate tax payments, increasing in subsequent years.

The fiscal note assumes the assessment imposed on premiums beginning in 2009 will be collected by the Superintendent of Insurance beginning in 2010 and will total approximately \$16 million per year. It assumes an allocation of Other Special Revenue Funds of approximately \$16 million per year will be required for the transfer (payment) of the assessment by the Superintendent of Insurance to the Maine Individual High-risk Reinsurance Pool, a nonprofit legal entity.

Any additional costs to the Bureau of Insurance in the Department of Professional and Financial Regulation in implementing the bill can be absorbed by the bureau utilizing existing budget resources.