

# MAINE STATE LEGISLATURE

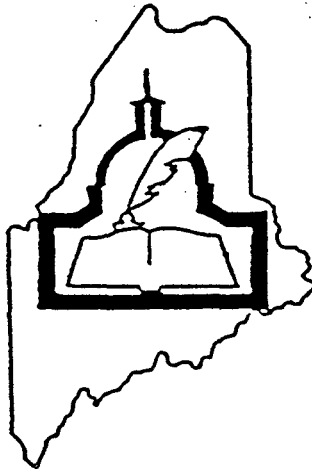
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**STATE OF MAINE  
113TH LEGISLATURE  
FIRST & SECOND SPECIAL SESSIONS  
OCTOBER AND NOVEMBER 1987**

**BILL SUMMARIES  
JOINT STANDING COMMITTEES  
PUBLISHED MAY 1988**



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**ONE HUNDRED AND THIRTEENTH LEGISLATURE  
FIRST & SECOND SPECIAL SESSIONS  
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE  
BILL SUMMARIES  
MAY 1988**

*This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number under each committee.*

*All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. If final House and Senate action differ, both are listed. Committee Reports and Floor Action are indicated as follows::*

<b>OTP</b>	<b>Ought to Pass</b>
<b>OTP-ND</b>	<b>Ought to Pass in New Draft</b>
<b>OTP-ND-NT</b>	<b>Ought to Pass in New Draft, New Title</b>
<b>OTP-A</b>	<b>Ought to Pass as Amended</b>
<b>ONTP</b>	<b>Ought Not to Pass</b>
<b>LVWD</b>	<b>Leave to Withdraw</b>
<b>INDEF PP</b>	<b>Indefinitely Postponed</b>

*Each individual summary was prepared by the analyst assigned, as noted for each committee. But, this document was produced by the efforts of all the office staff, including Secretaries: Charlene Brann, Janet Jean, Earl Knox, Valarie Parlin; Research Assistant Hartley Palleschi. Finally, Secretary Laurette Knox, Legal Assistant Carolyn Chick, and Research Assistant Robert Dunn had special responsibilities in the preparation of the overall document.*

*Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.*

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COMMITTEE REPORT

AMENDMENTS ADOPTED  
S-307 DUTREMBLE

SUMMARY

The original bill, LD 1917 makes the following changes to current law:

1. The bill repeals sections from current law regarding a competitive market. The bill proposes to put all rate making into a prior approval model.
2. The Workers' Compensation Rating Board is established to set rates.
3. Certain employers are required under the bill to have a \$1,000 deductible per claim as an incentive for safety. All other employers have the option to have a deductible.
4. The bill requires the board to review benefit levels and benefit provisions regularly and make recommendations to the Labor Committee.
5. The board is required to adopt standards to govern medical reimbursements to prevent abuses in payments.
6. The bill includes a comprehensive data collection section and a section requiring quarterly profitability reports from insurers.
7. Workers' compensation policies are subject to provisions in current law regarding cancellation and nonrenewal from which they are now exempt.

The Banking and Insurance provisions in LD 1925 and LD 1929, both new drafts, are identical. The provisions of the Labor Committee bill on Workers' Compensation (LD 1928) were added by the Senate Amendment (S-307) and included in LD 1929.

The new draft (LD 1929) incorporates the original bill and makes several substantive changes from the original bill as follows:

1. The sections establishing a workers' compensation rating board are deleted. Instead, the Superintendent of Insurance will set all rates for workers' compensation insurance. The Workers' Compensation Commission will set the schedule of medical service fees. A group consisting of the Director of the Bureau of Labor Standards, The Superintendent of Insurance and the Chairman of the Workers' Compensation Commission will evaluate the entire workers' compensation system and report annually to the Governor. All other duties assigned to the board in the original bill will be performed by the Superintendent of Insurance.

2. Insurers must notify the bureau 20 days prior to a rate filing instead of the 45-day requirement in the original bill.
3. Restrictions on ex parte communications will apply as soon as the superintendent receives the notification of filing.
4. The Public Advocate's ability to intervene has been expanded in this new draft. The Public Advocate, in current law and in the original bill, intervenes only in rate filings in the residual market. In this new draft, the Public Advocate must be a party in all rate filings in both the voluntary market and the residual market. A new section has been added which expands this authority to intervene to other proceedings in relation to workers' compensation insurance as well.
5. Self-insurers will report data to a separate advisory organization designated by the superintendent, instead of to the same one as commercial insurers.
6. The superintendent is required to make additional reports regarding the merit rating plan for small employers, the bidding process for servicing carriers, and the feasibility of a program for reporting unsafe workplaces.
7. Mandatory deductibles are required only for certain employers in the accident prevention account. Mandatory deductibles apply to all employers in the original bill.
8. The superintendent is to adopt rules for retrospective rating plans for employers in the accident prevention account who have serious safety violations. All surcharges and extra premium provisions may not exceed 150% of standard premium.
9. The superintendent may award service contracts for the residual market to any organization if he finds that insurers are unwilling to provide the service. This section allows the superintendent to give consideration to factors other than cost if such an award is made.
10. A provision is added that amends current law regarding group self-insurers. Good cause for denial of an application has been defined to mean ability to pay claims. Additionally, the superintendent will be required to act on applications within 90 days.
11. A new section is added which makes insured employers liable for losses in the residual market. The operation of this provision, however, is dependent on whether the rate of return of insurers is adequate and on whether the voluntary market is working according to a defined schedule.