

MAINE STATE LEGISLATURE

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**STATE OF MAINE
114TH LEGISLATURE
FIRST REGULAR SESSION**



**BILL SUMMARY
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE**

JULY 1989

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ONE HUNDRED AND FOURTEENTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE
BILL SUMMARIES
AUGUST 1989

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 for 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 abbreviated as follows:

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

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 Research Assistant Barbara McGinn, and secretaries: Charlene Brann, and Valarie Parlin, and especially Laurette Knox who coordinated preparation of the overall document.

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

LD 1320 An Act to Create a State Fund to Provide Workers' Compensation Insurance Coverage to Employers

CARRIED OVER BANK/INS COMM

SPONSOR(S)

COMMITTEE REPORT

AMENDMENTS ADOPTED

MARTIN J
MCHENRY
RYDELL
DUTREMBLE D

H-578

SUMMARY

The bill creates a competitive state fund to provide workers' compensation insurance to employers. The fund would be administered by a 5-member board appointed by the governor, reviewed by the legislative committee with jurisdiction over business and insurance, and confirmed by the legislature. The board is authorized to issue revenue bonds and notes and refunding bonds and notes to establish the initial fund and to continue operations. The credit of the state would not be pledged to back the bonds. Rate setting by the fund would be subject to chapter 25 of Title 24-A (Rates & Rate Setting). The bill includes other administrative provisions for the fund.

The committee amendment (H-578) strikes the provisions creating a state fund and inserts a study of the feasibility of a quasi-governmental, nonprofit entity to provide workers' compensation insurance. The bill calls for a 9-member subcommittee of the Banking & Insurance Committee to study the issue, including examination of other states' funds, examination of the efficacy and appropriateness of such a fund for Maine, and determining the form of a fund if one is found to be desirable.

The study provision of the bill was included in a letter to the Legislative Council, which approved the study. At the request of the committee, the Legislative Council approved a carry over of LD 1320.

LD 1322 An Act to Improve Access to Health Care and Relieve Hospital Costs Due to Charity and Bad Debt Care Which are Currently Shifted to Third-party Payors

PUBLIC 588 EMERGENCY

SPONSOR(S)

COMMITTEE REPORT

AMENDMENTS ADOPTED

MARTIN J
PRAY
RYDELL
PEARSON

OTP-AM

H-702 RYDELL

SUMMARY

The original bill established four programs recommended by the Special Select Commission on Access to Health Care, which are designed to increase access to health care and to relieve the burden on 3rd party payors of health care costs caused by bad debt and charity care provided in hospitals. The four programs are: the Maine Health Program, a state-supported health benefits plan for persons whose household income does not exceed 150% of the federal poverty level; a Community Health Program grant program to assist community-based health care providers in providing or improving access to primary and preventive health care; a subsidized excess insurance program, under which the state would subsidize the cost of health insurance coverage above \$25,000 per person per year up to \$100,000 for small employers who provide coverage to their employees; and the small employer health insurance tax credit under which employers of fewer than 10 employees would be eligible for a tax credit based on their expenditures for employee health insurance if the employer is providing health insurance for the first time.

The committee amendment (H-644) strikes the subsidized excess insurance program and the small employer tax credit, delays the starting date of the community health grants, and makes two changes in the Maine Health Program. The amendment adds one member to the Maine Health Program Council, which participates

with the Department of Human Services in implementing the program, and permits the Department of Human Services to take advantage of Medicaid options that become available to cover persons eligible for the Maine Health Program. The amendment also adds the Hospital Uncompensated Care and Governmental Payments Shortfall Fund to assist hospitals especially affected by bad debt, charity care and Medicaid and Medicare shortfalls and appropriates \$1 million to increase Medicaid reimbursement fee schedules for providers. The amendment also makes major changes to the preferred provider arrangement act. These changes from the original bill are set forth in more detail below.

The House amendment (H-702) to the original bill contains the Maine Health Program, the Community Health Program grants, an appropriation to increase Medicaid reimbursement rates for providers and the contents of the committee amendment to LD 920 on hospital financing. The bill also contains revisions to the Preferred Provider Arrangement Act of 1986, and four tax provisions.

The Maine Health Program would provide Medicaid-like benefits to children (under age 18) whose household income does not exceed 125% of the federal poverty level, and to adults with household income up to 95% of the federal poverty level (100% beginning July 1, 1992). The Department of Human Services would administer the program, and is required to adjust eligibility or services of the program to keep the cost of the program within the amount appropriated each year. Reductions in eligibility or services would not take place until at least 60 days after notice to the Governor and the legislative committees governing insurance and appropriations. The Department is authorized to expand eligibility if funds become available.

As in the original bill, participants whose income exceeds 100% of the federal poverty level would generally be required to pay a premium of up to 3% of income to participate in the program. Persons would be required to participate in employer-supported health insurance, and the Maine Health Program would wrap around that insurance if the coverage is not as comprehensive as that provided by the Maine Health Program.

The amendment also repeals the Maine Health Program effective June 30, 1993.

The Community Health Program grants are in the same form as in the original bill, except that they would be awarded beginning May 1, 1990.

This amendment contains the recommendations of the Blue Ribbon Commission to Study the Regulation of Health Care Expenditures (LD 920), as revised by the Human Resources Committee. The original LD 920 considered by the Human Resources Committee made the following major changes:

- it reduced the scope of projects subject to certificate of need review.
- it changed the hospital regulatory body from a part time five member commission to a three member full time commission.
- it provided more flexibility in the hospital rate setting process to permit increased competition and to reward hospitals which are efficient.
- it established a \$30,000,000 fund to be used to compensate hospitals for losses resulting from governmental shortfalls and charity care.

LD 920, as amended in the Human Resources Committee, and incorporated in this bill, leaves the regulatory body essentially unchanged, eliminates the certificate of need changes and provides more flexibility and a greater role for competition. The Maine Health Care Finance Commission will study appropriate methods of regulation of outpatient services and a study commission is established to study health planning and certificate of need and the advisability of deregulating ambulatory health services. The enacted version provides approximately \$5,000,000 for uncompensated care.

The amendment revises the Preferred Provider Arrangement Act of 1986, which permits insurers to enter into agreements with providers of health care services to send insureds and subscribers to that provider for services. If the subscriber or insured obtains services from a provider other than the preferred provider, the insurer may reimburse the insured or subscriber at a lower rate. The difference between the rate paid for a preferred provider and a nonpreferred provider is the "benefit level differential." Current law permits a 20% benefit level differential for all services. The amendment provides for a 50% benefit level differential for certain services listed in the amendment; requires that all arrangements be approved by the superintendent; requires the superintendent to notify interested persons of the filing of a proposed arrangement; requires the superintendent to adopt rules to specify the criteria for approving or disapproving a proposed arrangement; and elaborates upon the criteria currently in statute. The 50% benefit level differential is repealed effective July 1, 1993.

The amendment also increases the tax on cigarettes and tobacco products; subjects isolated sales of certain types of watercraft to sales tax effective October 1, 1989; certain subjects long-term rentals to sales tax effective July 1, 1991; and increases the sale tax on bar drinks from 5% to 10% effective December 1, 1989.

LD 1342 **An Act Concerning Payment of Maine-issued Bank Cards** LV/WD

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
MANNING	LV/WD	
RYDELL		

SUMMARY

This bill requires financial institutions to acknowledge payments made at a branch office as paid on the date the payment was made.

LD 1372 **An Act Relating to Returned Check Charges** PUBLIC 426

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
BUSTIN	OTP-AM	S-283
BURKE		

SUMMARY

This bill prohibits the assessment of a charge against a depositor for a check received by that depositor and returned for insufficient funds. Note that in Title 9-B, "Financial institution" means one organized under the laws of Maine, while "Financial institution authorized to do business in this State" means one organized under State or federal law. Part 1, chapter 44 of Title 9-B deals with financial institutions, while Part 2, chapter 24 deals with the Bureau of Banking generally.

CA (S-283) The amendment limits to \$2 per check the assessment of a charge against a depositor who deposits a check issued by another party and which is returned for insufficient funds. The charge is prohibited entirely if the financial institution in which it is deposited is the same as the one on which it is drawn. The bank on which the check is drawn may charge an insufficient funds fee to the person who issued the check. The amendment places this provision in that part of the law which deals with anticompetitive or unfair practices, a provision that applies to all financial institutions authorized to do business in the State. The amendment also adds a sunset on July 1, 1991.