

MAINE STATE LEGISLATURE

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



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

JUNE 1990

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**One Hundred and Fourteenth Legislature
Second Regular Session**

**Joint Standing Committee
Bill Summaries**

June 1990

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. Committee Reports and Floor Action are abbreviated as follows:

OTP
OTP-ND
OTP-ND-NT
OTP-A
ONTP
LVWD
INDEF PP

Ought to Pass
Ought to Pass in New Draft
Ought to Pass in New Draft, New Title
Ought to Pass as Amended
Ought Not to Pass
Leave to Withdraw
Indefinitely Postponed

Each individual summary was prepared by the analyst or analysts assigned to the committee. But, this document was produced by the efforts of all the office staff, including secretaries: Charlene Raymond, 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.

for women. The bill includes coverage for mammograms once every 2 years from ages 40 to 49 and then annually for age 50 and over.

The Committee Amendment (S-645) provides for mandated coverage of screening mammograms under the guidelines contained in the original bill, effective for policies issued or renewed on or after March 1, 1991. The amendment exempts certain individual supplemental policies from the mandate. The amendment defines "screening mammograms" and requires mammography programs and providers to meet Department of Human Services rules relating to radiology providers in order to permit reimbursement. The amendment also authorizes the Maine Health Care Finance Commission to collect information from providers of mammography services and authorizes and directs the Bureau of Insurance to collect information from insurers and nonprofit service organizations. The amendment also provides for the Mandated Benefits Advisory Commission to report to the Legislature and the Governor by June 1, 1991 on the relative merits of each of the mandated benefits that are effective as of March 1, 1990. The amendment also adds an allocation and a fiscal note.

Although the bill as amended was indefinitely postponed, its provisions were included in Part I of LD 2503, PL 875, the supplemental appropriation bill.

LD 2310 An Act to Amend the Maine Liability Risk Retention Act PUBLIC 724

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
GARLAND WHITMORE BRANNIGAN RAND	OTP	

SUMMARY

LD 2310 clarifies ambiguities in the Maine Liability Risk Retention Act and makes the current law consistent with recent case law developments. The bill requires that insurers who provide coverage to risk purchasing groups with members in Maine provide coverage to those members in accordance with Maine law regarding policy forms and premium rates. The bill also requires risk purchasing groups with members in Maine to purchase coverage either from risk retention groups or from insurers licensed or on the eligible surplus lines list in Maine.

LD 2337 An Act Relating to Health Maintenance Organizations PUBLIC 842

SPONSOR(S)	COMMITTEE REPORT	AMENDMENTS ADOPTED
GILL BUSTIN TRACY DONALD	OTP-AM	S-644

SUMMARY

The purpose of this bill is to strengthen regulation of health maintenance organizations (HMO). With the Committee Amendment (S-644) the bill makes the following changes to the laws governing HMO's.

1. It provides more definitive terms and outlines responsibilities of a HMO and its providers.
2. It requires that a feasibility plan be filed by those seeking to establish a HMO.
3. It requires that HMOs disclose their plans for quality control regarding services rendered.

4. It requires that a business plan for establishing a HMO contain provisions that address a business failure and how specified providers will then act on any undischarged subscriber's benefits.
5. It modifies standards under which demonstration of quality of care, correction of deficiencies, and ongoing evaluation of coordination of patient care are to be incorporated in qualifying for a certificate of authority.
6. It establishes a new capitalization requirement as of January 1, 1994. An HMO must possess surplus funds equal to \$1,500,000 when formed and maintain \$1,000,000 thereafter. There is a 3 year phase-in period: 40% of these amounts is required in 1991, 60% in 1992, 80% in 1993, and 100% thereafter.
7. It sets the form of subordinated debt to be used by a HMO.
8. It requires fidelity bonding for officials who handle funds.
9. It applies to HMOs the investment standards that apply to insurers.
10. It requires deposit funds to be maintained with the Treasurer of State if the HMO can "balance bill" subscribers. Balance billing occurs when the provider is not fully compensated by the HMO for services rendered.
11. The bill required a hold harmless provision to avoid, to the extent possible, balance billing to subscribers of financially distressed HMOs, but the amendment requires that the contract between an HMO and a provider must contain a "hold harmless" provision to assure that the provider will not bill any enrollee for covered services even if the HMO becomes insolvent. It then ameliorates the impact on providers by allowing them to terminate a contract with 60 to 90 days notice, after the first 6 months of the contract.
12. It provides for suspension or revocation of the license of an HMO if it fails to maintain adequate surplus funds.
13. It provides for alternative or replacement coverage for subscribers of an HMO which becomes insolvent. The amendment allows a successor HMO to adjust its rates if inclusion of the members from the insolvent HMO justifies a rate adjustment.
14. It requires a holding company controlling a HMO to register with the Bureau of Insurance.
15. The amendment also requires any entity providing indemnification as a back-up to an HMO to demonstrate financial capacity.

LD 2357 An Act to Amend the Laws Applicable to Medicare Supplement Insurance Policies

**PUBLIC 852
EMERGENCY**

SPONSOR(S)

GARLAND
THERIAULT
ERWIN P
COLLINS

COMMITTEE REPORT

OTP-AM

AMENDMENTS ADOPTED

H-1017

SUMMARY

The bill makes certain amendments to state law required by the federal Medicare Catastrophic Coverage Repeal Act of 1989 in order for the state Medicare supplement regulatory program to remain in place. These amendments are consumer protection measures designed to level commissions and limit the