

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

STATE OF MAINE
115TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

MAY 1992

Staff:
Jane Orbeton, Legal Analyst

*Office of Policy and Legal Analysis
Room 101, State House Station 13
Augusta, ME 04333
(207)287-1670*

MEMBERS:

**Sen. Judy C. Kany
Sen. Linda Curtis Brawn
Sen. Dale McCormick*

**Rep. Elizabeth H. Mitchell
Rep. Phyllis R. Erwin
Rep. Richard H. C. Tracy
Rep. Harriett A. Ketover
Rep. Ruth Joseph
Rep. Anne M. Rand
Rep. Edward L. Pineau
Rep. Joseph A. Garland
Rep. Peter Hastings
Rep. Joseph G. Carleton*

**Denotes Chair*

IARTHA E. FREEMAN, DIRECTOR
WILLIAM T. GLIDDEN, JR., PRINCIPAL ANALYST
ULIE S. JONES, PRINCIPAL ANALYST
DAVID C. ELLIOTT, PRINCIPAL ANALYST
DON CLARK
YAN M. DYTTER
BRO FLATEBO
EBORAH C. FRIEDMAN
MICHAEL D. HIGGINS
KANE ORBETON



KAREN L. HRUBY
JILL IPPOLITI
JOHN B. KNOX
PATRICK NORTON
MARGARET J. REINSCH
PAUL J. SAUCIER
HAVEN WHITESIDE
MILA M. DWELLEY, RES. ASST.
ROY W. LENARDSON, RES. ASST.
BRET A. PRESTON, RES. ASST.

STATE OF MAINE
OFFICE OF POLICY AND LEGAL ANALYSIS
ROOM 101/107/135
STATE HOUSE STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-1670

**ONE HUNDRED AND FIFTEENTH LEGISLATURE
SECOND REGULAR SESSION**

**JOINT STANDING COMMITTEE
BILL SUMMARIES**

MAY 1992

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 volume is organized alphabetically by committee; within each committee, the summaries are arranged by LD number. A subject index is provided at the beginning of each committee's summaries.

All adopted amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action on each bill is listed to the far right of the title. Various types of final action are abbreviated as follows:

| | |
|----------------------------|--|
| PUBLIC XXX | Chapter # of enacted Public Law |
| P&S XXX | Chapter # of enacted Private & Special Law |
| RESOLVE XXX | Chapter # of enacted Resolve |
| CON RES XXX | Chapter # of Constitutional Resolution passed by both Houses |
| EMERGENCY | Enacted law takes effect sooner than 90 days |
| CARRIED OVER | Bill carried over to Special Session |
| ONTP | Ought Not to Pass report accepted |
| LVWD | Leave to Withdraw report accepted |
| INDEF PP | Bill Indefinitely Postponed |
| FAILED EMERGENCY ENACTMENT | Emergency bill failed to get 2/3 vote |
| DIED BETWEEN BODIES | House and Senate disagree; bill died |
| CONF CMTE UNABLE TO AGREE | Committee of Conference formed but unable to agree |
| VETO SUSTAINED | Legislature filed to override Governor's Veto |
| UNSIGNED | Not signed by Governor within 10 days |
| DIED ON ADJOURNMENT | Action incomplete when session ended; bill died |

These summaries were 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, especially Laurette Knox who coordinated preparation of the overall document.

If you have any suggestions or comments on these summaries, please let us know.

LD 626 An Act to Require Insurers to Provide Insurance Coverage for Newborn Hospital Care

ONTP

SPONSOR(S)
CAHILL P

COMMITTEE REPORT
ONTP

AMENDMENTS ADOPTED

SUMMARY

This bill requires health insurers to pay 100% of the costs of inpatient hospital care and attending physician costs for newly born children.

LD 701 An Act to Provide More Affordable Health Insurance for Small Businesses and Community Rating of Health Insurance Providers

PUBLIC 861

SPONSOR(S)
RYDELL
BUSTIN
KETOVER
MARTIN J

COMMITTEE REPORT
OTP-AM MAJ
OTP-AM

AMENDMENTS ADOPTED
H-1007 MAJ REP
S-774 BRANNIGAN

SUMMARY

This bill requires that insurers that offer group health insurance to groups of fewer than 25 members, excluding the number of dependents, and to individuals seeking coverage in connection with self-employment use community rating in their rate-setting process. When using community rating, the insurer may not vary the rate at which coverage is offered due to age, gender, family status, occupation, industry, health status or claims experience. In addition, these insurers must offer coverage and guarantee renewal to all such groups and self-employed individuals. Nonprofit medical service organizations are subject to the same requirements by operation of the Maine Revised Statutes, Title 24 section 2327.

Committee Amendment "A", H-1007, is the majority report of the Joint Standing Committee on Banking and Insurance and it accomplishes the following:

1. It makes the rating sections applicable to nonprofit hospital and medical service corporations and to nonprofit health care plans.
2. It amends tier rating so that rating on claims experience of groups and subgroups may occur only until January 1, 1993.
3. With respect to health plans issued to employer-based groups of fewer than 25 people and the self-employed, it enacts community rating on a gradual schedule, using a band that extends from 33% down to 0 by July 1, 1996. It forbids rating based upon health status, claims experience or duration of the policy of the group. It allows rating without limitation based upon group size, smoking status, family status and participation in wellness programs.
4. It requires guaranteed issuance and guaranteed renewal of small group health plans, with exceptions for nonpayment, fraud and going out of business.
5. It applies these provisions to health maintenance organizations but does not require the issuance or renewal of health maintenance organization coverage to groups outside the health maintenance organization's approved service area.

6. It requires a report from the Bureau of Insurance on standard and basic health plans, guaranteed issuance and renewal, data collection on employer health coverage, wellness programs and alternative models for risk sharing in the small group health market.
7. It contains fair marketing standards for small group health plans.
8. This amendment also adds a fiscal note to the bill.

Senate Amendment "B", S-774, deletes section 2 of Committee Amendment "A" because these provisions were already enacted in LD 2102 and LD 2425 this session. This amendment clarifies the application of this Act to small employers that purchase health coverage for their employees through associations and multiple employer trusts. It adds a year to the schedule for phasing in community rating of health insurance providers and sunsets the community rating provisions of the Maine Revised Statutes, Title 24-A, section 2808-B, subsection 2, paragraph D on July 14, 1994. It adds rulemaking for the Superintendent of Insurance to define a standard plan and a basic plan to be offered by all small group health plan carriers. These plans are required to meet state mandates for specific health services, specific diseases and for certain providers of health services of Title 24 and Title 24-A applicable to small group health plans. The basic plan emphasizes preventative care, contains reasonable but lesser benefits and costs 20% less than the standard plan. This amendment requires a report from the Bureau of Insurance by January 30, 1994 on the effects of the rating provisions of health insurance providers and on data and experience from other states with community rating statutes. This amendment adds a new fiscal note.

LD 771 An Act to Provide Coverage for Chiropractic Services under Health Maintenance Organization Plans ONTP

| SPONSOR(S) | COMMITTEE REPORT | AMENDMENTS ADOPTED |
|--|-------------------------|---------------------------|
| PRAY MARTIN J WEBSTER GARLAND | ONTP | |

SUMMARY

This bill enables health maintenance organization subscribers to choose chiropractic services without the need for referral by a medical doctor.

LD 847 An Act to Establish a Consumer Advocate for Insurance ONTP

| SPONSOR(S) | COMMITTEE REPORT | AMENDMENTS ADOPTED |
|---|-------------------------|---------------------------|
| RAND KANY PARADIS J MITCHELL E | ONTP | |

SUMMARY

This bill establishes the Office of Consumer Advocate for Insurance as an independent office within the Department of the Attorney General. The Consumer Advocate for Insurance has a duty to represent the interests of consumers in property and casualty insurance matters. The office is paid for by assessments against insurers in proportion to their respective direct gross premiums written on property and casualty insurance within the State during the year.