

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
116TH LEGISLATURE

FIRST REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

JULY 1993

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**ONE HUNDRED AND SIXTEENTH LEGISLATURE  
FIRST REGULAR SESSION**

**JOINT STANDING COMMITTEE  
BILL SUMMARIES**

**JULY 1993**

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.

The committee report or reports, the prime sponsor for each bill and the lead co-sponsor in each house if one has been designated are listed below each bill title. 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 right of the title. Various types of final action are abbreviated as follows:

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

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.

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

4693NRG

**SPONSOR(S)**  
KILKELLY

**COMMITTEE REPORT**

**AMENDMENTS ADOPTED**

**SUMMARY**

This bill extends the medical utilization review requirements to health maintenance organizations and preferred provider organizations.

This bill requires entities applying for licenses to perform medical utilization reviews, under which there are prospective evaluations of hospitalization, services or care, continued stay reviews, discharge planning and concurrent reviews, to submit utilization review plans with their applications in accordance with the Maine Revised Statutes, Titles 24 and 24-A. The bill prohibits any connection between the pay of the entity performing the review and that entity's record of determining need for treatment or admission. It prohibits utilization review entities, their employees and paid advisors from establishing, operating or being affiliated with their own substance abuse treatment facilities or training programs.

The bill requires that the utilization review plans contain provisions for emergency and nonemergency treatment and admissions, including patient placement criteria published by the American Society of Addiction Medicine and emergency treatment and admission if the treating provider determines the treatment or admission to be medically necessary and notifies the utilization review entity within 24 hours. If the admission is for medical detoxification or treatment, there is a presumption of medical necessity of the admission. The bill specifies requirements of the medical utilization review program, including details on decision procedures, appeal procedures, identification of personnel, availability by telephone, response obligations, notification procedures and compliance with state and federal law.

The bill requires a report from the Superintendent of Insurance to the Joint Standing Committee on Banking and Insurance on or before January 1, 1994 and January 1st of each even-numbered year thereafter on the performance of entities authorized to perform utilization reviews under Titles 24 and 24-A.

This bill was carried over to the Second Regular Session.

**LD 1068**      **An Act to Regulate Credit Insurance and to Require Disclosure to Borrowers**

**SPONSOR(S)**  
HARRIMAN

**COMMITTEE REPORT**  
OTP-AM

**AMENDMENTS ADOPTED**  
H-296    KUTASI  
S-115

**SUMMARY**

This bill establishes the time at which lenders who require borrowers to procure insurance for the purchase of property must inform the borrowers of the borrowers' right to choose an insurance agent and insurer.

Current law limits fees paid by insurers to lenders for processing credit life and disability insurance to 10% of premium. Commissions on credit life and disability insurance are often 30% or more. This bill prohibits paying commissions on credit insurance to a creditor or anyone affiliated with a creditor, including a licensed agent and limits reimbursement to the 10% servicing fee.

This bill bases the 10% limitation on prima facie premiums rather than actual premiums, resulting in the same servicing fee for all creditors.