

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
116TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

MAY 1994

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

**JOINT STANDING COMMITTEE  
BILL SUMMARIES**

**MAY 1994**

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, 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:

*PUBLIC XXX*

*P&S XXX*

*RESOLVE XXX*

*CON RES XXX*

*EMERGENCY*

*ONTP*

*INDEF PP*

*FAILED ENACTMENT*

*FAILED EMERGENCY ENACTMENT*

*FAILED MANDATE ENACTMENT*

*DIED BETWEEN BODIES*

*CONF CMTE UNABLE TO AGREE*

*VETO SUSTAINED*

*UNSIGNED*

*DIED ON ADJOURNMENT*

*Chapter # of enacted Public Law*

*Chapter # of enacted Private & Special Law*

*Chapter # of enacted Resolve*

*Chapter # of Constitutional Resolution passed by both Houses*

*Enacted law takes effect sooner than 90 days*

*Ought Not to Pass report accepted*

*Bill Indefinitely Postponed*

*Bill failed to get majority vote*

*Emergency bill failed to get 2/3 vote*

*Bill imposing local mandate failed to get 2/3 vote*

*House & Senate disagree; bill died*

*Committee of Conference unable to agree; bill died*

*Legislature failed to override Governor's Veto*

*Not signed by Governor within 10 days*

*Action incomplete when session ended; bill died*

These summaries were prepared by the analyst or analysts assigned to the committee. If you have any suggestions or comments on the summaries, please let us know.

5581LHS

**SPONSOR(S)**

CONLEY

**COMMITTEE REPORT**

OTP-AM

MAJ

ONTP

MIN

**AMENDMENTS ADOPTED**

H-1051 PINEAU

S-568

**SUMMARY**

This bill clarifies the existing authority of insurers and nonprofit hospitals or medical service organizations to own and operate health maintenance organizations.

COMMITTEE AMENDMENT "A" (S-568) in Part A this amendment does the following:

This amendment gives Blue Cross and Blue Shield of Maine or any other company governed by the provisions of the Maine Revised Statutes, Title 24 the following new powers:

1. To issue indemnity contracts;
2. To issue employee benefit excess insurance;
3. To issue coverage that includes benefits provided for through the 24-hour coverage pilot project under the State's workers' compensation laws;
4. To provide comprehensive administrative services;
5. To establish, maintain or merge with, organize or operate a health maintenance organization. If this is done, the HMO has all the rights, powers and duties of an HMO under Title 24-A; and
6. To engage in clerical, bookkeeping, accounting and related activities in support of its primary activities.

Title 24, section 2301, subsection 9-A makes the investment authority of Blue Cross and Blue Shield and other corporations governed by the provisions of Title 24 more comparable to that of domestic mutual life and health insurers and, subject to specific limitations, liberalizes real estate investment standards.

The amendment requires Blue Cross and Blue Shield and any other company governed by the provisions of Title 24 to maintain certain liquid investments, requires compliance with risk-based capital standards that may be established by the Superintendent of Insurance and makes clear that directors, officers and employees of Blue Cross and Blue Shield or any other company governed by the provisions of Title 24 who deal with the funds of the company have fiduciary duties to the company.

The amendment contains a provision for converting Blue Cross and Blue Shield or any other company governed by the provisions of Title 24 to a mutual insurance company. The plan of conversion is consistent with other conversion proceedings regulated by the superintendent, providing for:

1. Two-thirds vote of members;
2. The financial stability of the company;
3. Submission of a satisfactory business plan; and
4. A determination that the conversion plan is fair and equitable.

The amendment requires Blue Cross and Blue Shield or any other company governed by the provisions of Title 24 that issues indemnity contracts and other kinds of contracts to maintain separate accounting for each line of business.

The amendment provides that when a health maintenance organization merges with Blue Cross and Blue Shield or another company governed by the provisions of Title 24, the surviving entity may succeed to a continuing certificate of authority if it meets several requirements.

The amendment describes reporting requirements that must be made to the superintendent.

The amendment provides that the superintendent has access to accountants' work papers and that the work papers are kept confidential and subject to other requirements.

The amendment gives the superintendent authority to adopt rules to aid in the administration of Title 24.

The amendment liberalizes the investment standards applicable to health maintenance organizations under Title 24-A consistent with the changed investment standards applicable to entities governed by the provisions of Title 24.

The amendment authorizes an entity governed by the provisions of Title 24-A to merge with or own a health maintenance organization line of business.

The amendment gives the superintendent authority to adopt rules regarding Title 24-A health maintenance organizations.

The amendment makes changes to Private and Special Law, 1939, chapter 24 that conform to the changes in the amendment, including a provision authorizing the merger of Blue Cross and Blue Shield and HMO Maine.

The amendment requires a report from the superintendent on October 1, 1994; April 1, 1995; and October 1, 1995 on changes in the health care delivery system.

In Part B the amendment requires health maintenance organizations to offer to groups of all sizes health benefit plans that meet the requirements for standardized plans specified in Bureau of Insurance Rule Chapter 750. It requires the health maintenance organization to provide a spectrum of services and providers that meet patient demand. It requires health maintenance organizations to provide their members with reasonable access to health care services and requires the Superintendent of Insurance to adopt rules that consider geographical and transportation problems in rural areas. It requires health maintenance organizations to submit plans that provide services for rural and underserved populations and utilize essential community providers within the area of the proposed certificate and to report the plan annually to the Bureau of Insurance. It requires health maintenance organizations to issue individual policies beginning July 1, 1995.

The amendment requires a report from Blue Cross and Blue Shield of Maine by January 1, 1995 on the small group and individual pools.

The amendment requires a report from the Bureau of Insurance by March 1, 1996 on the effects of having separate pools for small group and individual coverage and on combining the pools.

The amendment adds a fiscal note and conforms existing law to current drafting standards.

HOUSE AMENDMENT "B" TO COMMITTEE AMENDMENT "A" (H-1051) requires that Blue Cross and Blue Shield of Maine managed care plans provide a range of services and providers, provide reasonable access to services and have plans for services for rural and underserved populations. This amendment also makes 2 grammatical corrections in Committee Amendment "A." This amendment also corrects a reference to the Superintendent of Insurance and conforms existing law to current drafting standards.

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