

MAINE STATE LEGISLATURE

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STATE OF MAINE
117TH LEGISLATURE

FIRST REGULAR SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

AUGUST 1995

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

**SUMMARY OF LEGISLATION BEFORE
THE JOINT STANDING COMMITTEES**

AUGUST 1995

This document is a compilation of the bill summaries prepared by this office for the Joint Standing 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 publication, History and Final Disposition of Legislative Documents, is helpful in determining to which committee any particular bill was referred.

In this document, 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 categories of final action are abbreviated as follows:

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

These summaries were prepared by the analyst or analysts assigned to the committee. If more detailed information is needed on a bill, contact the committee analyst.

5581LHS

LD 1385 An Act to Ensure That Basic Health Care Needs of Women Are Covered in Insurance Policies

CARRIED OVER

SPONSOR(S)
DONNELLY

COMMITTEE REPORT

AMENDMENTS ADOPTED

SUMMARY

This bill provides that health insurance policies must include coverage for prenatal care, annual Pap tests, mammograms, rectal and colon exams for women age 40 and older, human immunodeficiency virus and sexually transmitted disease. The bill also requires that physicians whose specialty is obstetrics and gynecology be eligible to be primary care physicians under a managed care program.

LD 1405 An Act to Amend the Laws Concerning Health Insurance

PUBLIC 332

SPONSOR(S)
MITCHELL EH

COMMITTEE REPORT
OTP-AM

AMENDMENTS ADOPTED
H-445
H-470 CAMERON

SUMMARY

Part A repeals parts of the group conversion law. This law was enacted in 1983 to ensure that those losing their group coverage would have access to alternate coverage at standard rates with no new preexisting condition exclusion. Now that individual policies must be issued on application and are subject to the continuity law, this requirement serves no purpose.

Part B repeals the Maine Revised Statutes, Title 24-A, section 2808-A since this provision is superseded by Title 24-A, section 2808-B, the small group community rating law.

Part C repeals Title 24-A, section 2740, which deals with franchise insurance. This provision is a holdover from when group coverage was not available to small groups and it conflicts with the community rate law under Title 24-A, section 2736-C.

Part D makes technical changes to small group insurance law as follows.

1. If dependent coverage is available, it is required to be available even if the employee is not covered, if the employee has other coverage and the dependents are not eligible for that coverage.
2. Title 24-A, section 2808-B, subsection 4, paragraph B, subparagraph (6) is amended to require a finding by the superintendent as in section 2736-B, subsection 3, paragraph B, subparagraph (5).
3. A cross-reference is corrected in section 2808-B, subsection 1, paragraph E, subparagraph (4). The applicability provision is clarified.

Part E, as required by federal standards, permits some duplication in the sale of insurance to persons with Medicare supplemental insurance.

Part F makes technical changes to the health insurance continuity law as follows.

1. The Maine Revised Statutes, Title 24-A, section 2849, subsection 1 and Title 24, section 2347, subsection 1 are amended to include individual policies as prior coverage if the premiums were paid by the employer or by payroll deduction.
2. The Maine Revised Statutes, Title 24-A, section 2849 and Title 24, section 2347 are clarified by specifying that a 90-day gap between plans is allowed. Current law only refers to the gap between termination of an individual's coverage under the prior plan and termination of the plan itself.

3. The law is extended to apply to Medicare supplement and blanket policies.
4. Exclusion of late enrollees is limited to 12 months. This is the same limit that applies to small groups.
5. The definition of "late enrollee" is clarified to exclude those not previously eligible and any case where prior coverage terminated involuntarily for reasons other than fraud or material misrepresentation.

Part G amends the law requiring coverage of certain mental illnesses so that day treatment is treated as a half day of inpatient treatment rather than as a form of outpatient treatment. The language in the current law was based on an outdated version of a Bureau of Insurance rule. During the rulemaking process that amended the rule, the new language was supported by both providers and insurers.

Part H makes the coordination of benefits law applicable to blanket policies thereby making them subject to Bureau of Insurance rules which prevent situations in which an individual is covered by 2 policies, but neither will pay.

Part I exempts those health maintenance organizations, or HMOs, that do not market directly to subscribers from the requirement to issue small group and individual contracts. An HMO that only contracts with other HMOs and not directly with employers or individual subscribers is unable to comply with this requirement.

Part J makes the community rating laws applicable to associations that are not related to employment. This law currently applies to small employers, to associations of small employers and to individuals, but not to associations of individuals.

Part K clarifies the requirement that standardized plans be offered by specifying that rates for these plans must be quoted at the same time any other plans are offered.

Part L clarifies the definition of group for nonprofit hospital and medical service plans and health maintenance organizations.

Part M clarifies the restrictions on penalties for an insured's failure to provide notification under a utilization review program. This part also provides that regulation of medical utilization review performed by insurers, 3rd-party organizations or other entities related to workers' compensation claims will be regulated by the Workers' Compensation Board, not the Bureau of Insurance.

Part N extends to those covered as individuals under either group or individual health insurance the same protection for newborns as is currently afforded to those with family coverage. This protection guarantees coverage for 31 days.

COMMITTEE AMENDMENT "A" (H-445) does the following:

1. It removes sections that have already been enacted in Public Law 1995, chapter 19.
2. It clarifies that only health maintenance organizations otherwise offering coverage in this State are required to offer standardized small group and individual plans.
3. It clarifies the definition of "group" for health maintenance organizations.
4. It removes the requirement that medical utilization review criteria be routinely filed with the Bureau of Insurance, although utilization review entities are required to have appropriate review criteria rules and procedures in place.

5. It makes technical changes to the Maine Revised Statutes, Title 24-A, chapter 56, Health Maintenance Organizations, to clarify the application of other provisions of the Maine Insurance Code to health maintenance organizations.
6. It adds health maintenance organizations to the list of those licenses exempted from the requirement that they register as a preferred provider organization.
7. It requires the Bureau of Insurance to report by January 1, 1996 on alternatives for clarifying the guaranteed issuance requirement for small group health plans under Title 24-A, section 2808-B.

It also adds a fiscal note to the bill.

HOUSE AMENDMENT "A" (H-470) to COMMITTEE AMENDMENT "A", presented on behalf of the Committee on Bills in the Second Reading, corrects an incorrect history and prevents a conflict by incorporating changes made to the Maine Revised Statutes, Title 24, section 2330, subsection 1-A and section 2349, subsection 3 and Title 24-A, section 2849-B, subsection 3 in Public Law 1995, chapters 77 and 189.

LD 1430 An Act to Create a New Deductible for Workers' Compensation ONTP
and to Clarify Reporting Requirements

SPONSOR(S) WINN	COMMITTEE REPORT ONTP	AMENDMENTS ADOPTED
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SUMMARY

This bill creates optional workers' compensation deductibles for combined indemnity and medical benefits in amounts of \$1,000, \$3,000 and \$6,000 per claim. The bill also specifies that any claims paid by the insured within the amount of the deductible must be reported to the Workers' Compensation Board. Claims within the amount of the deductible paid by the insured must be excluded from experience rating.

LD 1432 An Act to Amend the Laws Regarding Workers' Compensation PUBLIC 277
Pilot Projects

SPONSOR(S) MITCHELL EH	COMMITTEE REPORT OTP-AM	AMENDMENTS ADOPTED H-362
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SUMMARY

This bill amends the law concerning pilot projects in workers' compensation. Medical and indemnity benefits for employees must be substantially similar to those conferred by Title 39-A. Indemnity benefits may be modified only if the pilot project provides medical and disability benefits for all workplace and nonworkplace diseases and injuries. It requires that the premium for benefits conferred under Title 39-A must be paid entirely by the employer. The premium for other benefits may be paid by the employer, employee or the employer and employee together. It changes the repeal date from October 1, 1996 to October 1, 2001.

COMMITTEE AMENDMENT "A" (H-362) authorizes the Superintendent of Insurance to approve pilot projects in workers' compensation that offer both medical and indemnity benefits to employees. The medical and indemnity benefits offered to employees must be equal to or greater than the benefits conferred by the Maine Revised Statutes, Title 39-A. Indemnity benefits may be modified only if the pilot project provides medical and disability benefits for all workplace and nonworkplace diseases and injuries.