

# 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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*\*Denotes Chair*



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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 &amp; 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&amp;S XXX</i>                | <i>Chapter # of enacted Private &amp; 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 1477 An Act to Provide for the Creation of a Health Insurance Purchasing Cooperative**

ONTP

| <b>SPONSOR(S)</b> | <b>COMMITTEE REPORT</b> | <b>AMENDMENTS ADOPTED</b> |
|-------------------|-------------------------|---------------------------|
| MCCORMICK         | ONTP<br>OTP-AM          | MAJ<br>MIN                |

**SUMMARY**

This bill establishes a mechanism for health care purchasing alliances. It creates the State Purchasing Alliance Board within the Bureau of Insurance. The state board is directed to establish purchasing service areas in the State, to accept applications from eligible carriers to become accountable health plans and to establish purchasing alliances.

COMMITTEE AMENDMENT "A" (S-329) is the minority report and replaces the original bill. The amendment establishes a mechanism for health care purchasing alliances approved by the Bureau of Insurance. The Superintendent is directed to establish purchasing service areas in the State, to accept applications from eligible carriers to become accountable health plans and to establish purchasing alliances. The amendment also adds a fiscal note. Committee Amendment "A" was not adopted.

**LD 1503 An Act to Protect Consumers in High-cost Mortgages and Reverse Mortgages**

PUBLIC 326

| <b>SPONSOR(S)</b> | <b>COMMITTEE REPORT</b> | <b>AMENDMENTS ADOPTED</b> |
|-------------------|-------------------------|---------------------------|
| REED G            | OTP-AM                  | H-447                     |

**SUMMARY**

The federal Home Ownership and Equity Protection Act of 1994 amended the federal Truth-in-Lending Act to include new protections for consumers entering into high-rate, high-fee mortgages and reverse mortgages. This State enforces truth-in-lending at the state level and, in order to maintain parity with the new federal provisions and protect the State's exemption from federal preemption in this area, this bill incorporates these important consumer protections into law.

COMMITTEE AMENDMENT "A" (H-447) incorporates the provisions of the federal Home Ownership and Equity Protection Act of 1994, which amended the federal Truth-in-Lending Act, into state law. These provisions that add new protections for consumers entering into high-rate, high-fee mortgages and reverse mortgages must be codified in order to maintain parity with the new federal provisions and protect the State's exemption from federal preemption in this area.

The amendment also adds a fiscal note to the bill.

**LD 1512 An Act to Ensure Fairness and Choice to Patients and Providers under Managed Health Care**

CARRIED OVER

| <b>SPONSOR(S)</b>              | <b>COMMITTEE REPORT</b> | <b>AMENDMENTS ADOPTED</b> |
|--------------------------------|-------------------------|---------------------------|
| MCCORMICK<br>AMERO<br>LIBBY JD |                         |                           |

**SUMMARY**

This bill enacts Title 24, Chapter 81, the Patient and Provider Protection Act. The purpose of this bill is to provide additional protection to patients and providers in managed care health plans. Managed care plans are required to file reports with the Superintendent of Insurance detailing the plan's services and

coverages, a schedule of revenue costs and expenses, statistics on complaints, adverse decisions and prior authorizations. Managed care plans must meet certain conditions to operate in the State that include a demonstration of adequate access to health care providers within the geographic area covered by the plan, credentialing of participating providers, utilization review procedures, adequate financial reserves, grievance procedures, patient choice of provider, quality of care provisions and cost containment procedures. The Superintendent is also required to hire a consumer and provider ombudsman to receive and monitor complaints dealing with managed care plans.

**LD 1513 An Act to Promote Additional Health Insurance Reform**

CARRIED OVER

**SPONSOR(S)**

GWADOSKY

**COMMITTEE REPORT**

**AMENDMENTS ADOPTED**

**SUMMARY**

This bill eliminates the requirement of prior approval of rates for individual health insurers and nonprofit hospital and medical service organizations. It prohibits employers and the Medicaid program from purchasing individual health insurance or transferring to individual health insurance any individual, employee or dependent who is enrolled in or eligible for group health insurance coverage or the Medicaid program. In the calculation of participation requirements in the group health market, it excludes persons enrolled in group health insurance. It requires that guaranteed issuance of individual health insurance applies to all persons except those who are enrolled in or eligible for group health insurance.

**LD 1528 An Act Concerning Reports of Material Transactions and Other Provisions of the Maine Insurance Code**

PUBLIC 375

**SPONSOR(S)**

ABROMSON

**COMMITTEE REPORT**

OTP-AM

**AMENDMENTS ADOPTED**

S-257

**SUMMARY**

Part A contains disclosure standards concerning significant reinsurance and financial transactions of insurers. This language follows a model law designed to ensure that state insurance regulatory programs operate effectively to protect insurance purchasers and companies.

This disclosure standard benefits both consumers and insurers by permitting the Superintendent of Insurance to identify troubled companies at an early stage and to work with them to prevent insolvencies.

Part B clarifies confidentiality provisions and permits sharing of confidential information between insurance regulators.

Part C clarifies the law with respect to charitable annuity agreements.

Part D permits an improvement in the state insurance environment by permitting the State to serve as a port of entry for alien insurers.

COMMITTEE AMENDMENT "A" (S-257) makes a clarification in the bill and excepts from the reporting requirements for "material reinsurance transactions" a transaction that falls within the scope of a previously reported reinsurance agreement. If the terms of the reinsurance agreement have been reported to the bureau, it is unnecessary for transactions under that agreement to be reported.

The amendment also adds a fiscal note to the bill.