

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
117TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

JUNE 1996

*MEMBERS:*

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*Sen. Mary E. Small*

*Sen. Dale McCormick*

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**ONE HUNDRED SEVENTEENTH LEGISLATURE  
SECOND REGULAR SESSION**

***Summary Of Legislation Before The Joint Standing Committees  
June 1996***

We are pleased to provide this summary of bills that were considered by the 15 Joint Standing Committees of the Maine Legislature staffed by this office. The document is a compilation of bill summaries which describe each bill, committee amendments and other relevant amendments, as well as the final action taken on the bill. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized alphabetically by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills.

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are 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 finally passed 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>

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is July 4, 1996.

5. Patients are given as many options as possible, consistent with cost-containment strategies; and

6. Providers, patients and the managed care plans work together to contain costs.

See related bills LD 1753 and LD 1882.

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

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GWADOSKY	ONTP MAJ OTP-AM MIN	

LD 1513 was carried over from the First Regular Session and proposed to eliminate the requirement of prior approval of rates for individual health insurers and nonprofit hospital and medical service organizations. It also proposed to prohibit 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.

An amendment to the bill presented to the committee by the sponsor proposed to amend the existing statutory procedure allowing a nonprofit hospital and medical service organization upon the approval of a conversion plan by the Superintendent and to phase in payment of the premium tax and Bureau of Insurance assessments for the converting organization. This amended draft also proposed to amend the rate review procedure for individual and Medicare supplement policies and provide an exemption from rate review for these policies if the average rate increases were under 14% and 8% respectively. And it proposed to create an exception from the guaranteed issuance requirement for individual health plans in order to prevent “dumping” by allowing carriers to deny issuance in this situation, provided notice is given to the Superintendent within 10 days of the denial. This proposed amendment was not adopted by the committee.

**Committee Amendment "A" (H-820)** is the minority report and replaced the bill with a resolve titled “Resolve, to Place a Moratorium on the Conversion of a Nonprofit Hospital or Medical Service Organization”. The amendment proposed to put a moratorium on the conversion of a nonprofit hospital or medical service organization until October 1, 1997. Committee Amendment “A” was not adopted.

**Senate Amendment "A" To Committee Amendment "A" (S-526)** proposed to change the date of the moratorium on the conversion of a nonprofit hospital or medical service organization from October 1, 1997 to June 30, 1997. Senate Amendment “A” was not adopted.

**LD 1622 An Act to Promote Parity Between State and Federally Chartered Credit Unions**

PUBLIC 512

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
VIGUE	OTP-AM	H-683

LD 1622 changes the Maine Banking Code as it applies to credit unions. It proposed to establish parity between state and federally chartered credit unions by:

1. Enabling state-chartered credit union members to determine when minors may vote on credit union management, operations, policy and other matters;
2. Allowing state-chartered credit union members to obtain lines of credit for terms longer than one year, subject to periodic review by the credit committee or a loan officer; and
3. Authorizing liens on a member's shares, since a member's share account represents that member's ownership of the credit union, rather than a debt of the credit union to the member as is represented by a bank customer's deposit account. Federal regulators have determined that no common-law right of setoff arises from a share account relationship.

**Committee Amendment "A" (H-683)** proposed to authorize a state-chartered credit union to become a member of the National Credit Union Administration Central Liquidity Facility. Under federal law, federally chartered credit unions have this authority. The change provides parity between state-chartered and federally chartered credit unions.

The amendment also proposed to add a fiscal note to the bill.

***Enacted law summary***

Public Law 1995, chapter 512 amends the Maine Banking Code to establish parity between state and federally chartered credit unions by:

1. Enabling state-chartered credit union members to determine when minors may vote on credit union management, operations, policy and other matters;
2. Allowing state-chartered credit union members to obtain lines of credit for terms longer than one year, subject to periodic review by the credit committee or a loan officer; and
3. Authorizing liens on a member's shares, since a member's share account represents that member's ownership of the credit union, rather than a debt of the credit union to the member as is represented by a bank customer's deposit account. Federal regulators have determined that no common-law right of setoff arises from a share account relationship.
4. Authorizing a state-chartered credit union to become a member of the National Credit Union Administration Central Liquidity Facility. Under federal law, federally chartered credit unions have this authority.

**LD 1630      An Act to Allow the Diagnosis of Biologically-based Mental Illness by Licensed Psychologists**

PUBLIC 637

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON	OTP-AM    MAJ	H-879
POVICH	OTP-AM    MIN	S-473

LD 1630 proposed to expand the diagnostic language of the statutory provisions governing insurance coverage for biologically-based mental illnesses to include the diagnoses of licensed psychologists. The bill is an emergency and takes effect when approved.