

# 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

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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.

only on a reciprocal basis. In addition, there is a nonseverability clause with respect to the reciprocity provision regarding de novo establishment of branches in the State by out-of-state financial institutions.

4. Permits state-chartered banks to act as agent for other financial institutions, which establishes parity with the new powers provided to federally chartered banks by Riegle-Neal.

5. Amends the Maine franchise tax laws to ensure that interstate branches are subject to the franchise tax.

**LD 1753**

**An Act to Control Health Care Costs and Improve Access to Health Care**

DIED BETWEEN BODIES

Sponsor(s)

Committee Report

Amendments Adopted

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OTP-AM MIN

LD 1753 was introduced by the Maine Health Care Reform Commission as part of its legislative package, along with LD 1798 and LD 1803. The Maine Health Care Reform Commission was established by the Legislature in 1994 and charged with designing at least three proposals for reforming Maine's present health care system. This bill represented the commission's recommendations for incremental reform of the existing system.

This bill proposed to make the following changes to the health care laws.

1. It establishes the Maine Community Purchasing Alliance, a purchasing alliance through which employers and individuals may unite their bargaining power for purchasing health care coverage. The alliance is a nonstate agency governed by a board of consumers and employers. The alliance may establish no more than 10 health benefit plans that may be offered within the alliance and may negotiate with carriers wishing to sell one or more of those plans to alliance members. The alliance performs other consumer services including collecting and paying premiums, publishing report cards on the quality of services provided by the participating carriers and helping to resolve disputes between enrollees and their carriers. The alliance receives an initial General Fund appropriation and then will be funded by assessments on premiums sold through the alliance.

2. It amends the laws governing the manner in which the State purchases health care coverage on behalf of its employees and Medicaid recipients to allow a state employee to choose between approved carriers in purchasing a health plan and require the State Employee Health Commission to negotiate jointly for the purchase of health care coverage with the Maine Community Purchasing Alliance and explicitly exempts the State Employee Health Commission from the requirement to negotiate publicly. The Department of Human Services is required to consider whether or not to purchase Medicaid services through the cooperative committee.

3. It amends the laws governing community rating, guaranteed issue and continuity of coverage in order to protect the Maine Community Purchasing Alliance from adverse selection. It extends continuity coverage for persons receiving unemployment compensation by making continuity coextensive with eligibility for unemployment compensation. It also requires the Bureau of Insurance to set standards for distinguishing excess insurance from basic insurance, imposes mandatory disclosure requirements on agents and brokers and requires a business to offer health care coverage.

4. It requires health plans operating in the State to comply with certain disclosure requirements, provider credentialing restrictions, utilization review protections and other patient or provider protections.
5. It extends Medicaid coverage to children under the age of 19 whose family income is below 250% of the nonfarm income poverty line. This Medicaid expansion is funded through the Healthy Children's Trust Fund, an account funded by eliminating the tax-exempt status of nonprofit hospital and medical service organizations and health maintenance organizations.
6. It eliminates the tax exemption for nonprofit hospital and medical service organizations licensed to do business pursuant to the Maine Revised Statutes, Title 24, chapter 19. The taxes collected from nonprofit hospital and medical service organizations are used to fund an expansion of Medicaid and to provide start-up funds for the Maine Community Purchasing Alliance.
7. It amends the law governing preparation of the state health plan by the Department of Human Services.
8. It requires the Department of Human Services to convene a forum on health work force resources.
9. It allows state agencies to reimburse independent contractors for health benefits purchased for the independent contractor's employees only if the health benefits are purchased through the Maine Community Purchasing Alliance. The State Purchasing Agent must adopt rules pursuant to which the Director of the Bureau of General Services may waive this requirement if the independent contractor does only an insubstantial amount of state business or the independent contractor's place of business is not in this State and the independent contractor does not purchase health benefits in this State.

**Committee Amendment "A" (H-859)** is the minority report and replaced the bill. The amendment proposed to extend Medicaid coverage to children under the age of 19 whose family income is below 185% of the nonfarm income poverty line. This Medicaid expansion is funded through the General Fund. The original bill contained a proposal to extend Medicaid coverage to children under 19 whose family income is below 250% of the nonfarm income poverty line.

The amendment also proposed to add an appropriation section, an allocation section and a fiscal note. Committee Amendment "A" was not adopted.

**House Amendment "A" (H-896)** proposed to replace the bill and Committee Amendment "A" by extending Medicaid coverage to children under the age of 7 whose family income is below 185% of the nonfarm income poverty line and children age 7 but under the age of 19 whose family income is below 133% of the nonfarm income poverty line. It provides that all Medicaid to children is through managed care. This Medicaid expansion is funded through the General Fund.

The amendment also proposed to add an appropriation section, an allocation section and a fiscal note. House Amendment "A" was adopted in the House, but was not adopted in the Senate.

See related bills LD 1512 and LD 1882.