

# 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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*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.

Public Law 1995, chapter 332, Part J made certain association group health insurance policies subject to the same standards as individual health insurance. In so doing, the law inadvertently restricted the ability to write such groups to carriers in the individual health market. In many cases, association groups are insured by group carriers. The law also failed to provide for these groups to be rated separately from other individual plans. Group plans are generally sold at lower rates. The bill proposed to provide an exemption allowing carriers to write association groups without offering individual coverage outside the association. Those who do offer individual coverage outside the association will be permitted to rate the association business separately as long as they meet a 75% loss ratio, a standard used elsewhere for group policies.

**Committee Amendment "A" (S-459)** proposed to add the prohibition on an association from marketing association membership through insurance agents or brokers to the list of criteria under which insurance contracts issued to association groups may be exempted by the Superintendent of Insurance from the requirements of the Maine Revised Statutes, Title 24-A, section 2736-C. The amendment also proposed to make changes to Title 24-A, chapter 67 relating to Medicare supplement policies to bring the State's laws into compliance with recent amendments to the Federal Social Security Act.

The amendment also proposed to add an emergency preamble, an emergency clause and a fiscal note to the bill.

#### ***Enacted law summary***

Public Law 1995, chapter 570 establishes a mechanism to allow an agent's license to remain in an inactive status for a period of 2 years and provides for reinstatement of an inactive license without requiring the agent to take an examination. It increases the time for filing of annual statements from 24 months to 36 months. It also removes the time limit for suspension of an insurer's certificate of authority and establishes a statutory mechanism for reinstatement of the authorization. In addition, the law extends the time for the Superintendent of Insurance to file a report of the savings in professional liability insurance claims and claims settlement costs to insurers.

Public Law 1995, chapter 332, Part J made certain association group health insurance policies subject to the same standards as individual health insurance. In so doing, the law inadvertently restricted the ability to write such groups to carriers in the individual health market. In many cases, association groups are insured by group carriers. The law also failed to provide for these groups to be rated separately from other individual plans. Group plans are generally sold at lower rates. Public Law chapter 570 provides an exemption allowing carriers to write association groups without offering individual coverage outside the association as long as certain criteria are met. Those who do offer individual coverage outside the association will be permitted to rate the association business separately as long as they meet a 75% loss ratio, a standard used elsewhere for group policies. An association is prohibited from marketing association membership through insurance agents or brokers.

Public Law 1995, chapter 570 also makes changes to Title 24-A, chapter 67 relating to Medicare supplement policies to bring the State's laws into compliance with recent amendments to the Federal Social Security Act.

**LD 1789**      **An Act to Clarify the Guaranteed Issuance Requirements  
for Small Group Health Plans**

ONTP

Sponsor(s)

Committee Report  
ONTP

Amendments Adopted

LD 1789 was introduced by the Joint Standing Committee on Banking and Insurance pursuant to Public Law 1995, chapter 332, Part Q, section 1 in order to clarify the guaranteed issuance requirements for small group health plans. The bill proposed to extend the employer's right to guaranteed issuance of the small group plan to one indemnity plan and one health maintenance organization plan. It also provides that any participation requirement must be based on the total number of eligible employees and their dependents covered under both plans.

**LD 1798      An Act to Create a Multi-payor System for Universal Health Care**

ONTP

Sponsor(s)

Committee Report  
ONTP

Amendments Adopted

LD 1798 was presented by the Maine Health Care Reform Commission as part of its legislative package, along with LD 1753 and LD 1803. This bill proposed to establish universal coverage through a multiple-payor system and contained the following provisions.

Part A establishes the Maine Health Care Authority. The authority is required to administer the Maine Health Care Plan, a universal health care plan for all residents meeting a one-month residency requirement. The plan requires all persons that have resided in Maine for one month to pay a premium for health care coverage under the plan. The premium is equal to the cost of the coverage less an employer's contribution, if applicable. The employer is required to pay 50% of the premium if the employee is full time, reduced on a pro rata basis for persons working less than full time. Premium payments and employer contributions are enforced by the authority and the authority may impose a lien on real and personal property owned by any person or entity failing to pay the amount owed. Subsidies are available for individuals and employers meeting certain eligibility criteria.

Part A also establishes a purchasing Alliance, a division within the Maine Health Care Authority. The alliance is a purchasing sponsor, through which Maine residents can choose a carrier to provide coverage under the Maine Health Care Plan. The alliance shall negotiate with carriers based on both the price and quality offered by the carrier. The alliance shall collect premiums and pay carriers as appropriate.

Part A also assigns to the Maine Health Care Authority the task of creating a comprehensive state health resource plan, establishing a global budget, integrating the certificate of need program into the global budget and state health resource plan, and ensuring the quality and affordability of health care in the State.

Part A allows the members of the alliance board under the Maine Health Care Authority to be paid for expenses.

Part B requires the Maine Health Care Authority and the Department of Human Services to coordinate the Maine Health Care Plan with the health benefits provided under the Medicaid and Medicare programs. The department is required to apply for all waivers necessary to integrate the Medicaid program with the Maine Health Care Plan to the maximum extent possible.