

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals  
(may include minor formatting differences from printed original)

STATE OF MAINE  
117TH LEGISLATURE

SECOND REGULAR SESSION

BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE

JUNE 1996

*MEMBERS:*

*Sen. I. Joel Abromson, Chair*

*Sen. Mary E. Small*

*Sen. Dale McCormick*

*Rep. Marc J. Vigue, Chair*

*Rep. Gail M. Chase*

*Rep. Gordon P. Gates*

*Rep. Michael V. Saxl*

*Rep. Richard H. Thompson*

*Rep. Richard H. Campbell*

*Rep. William G. Guerrette, Jr.*

*Rep. Sumner A. Jones, Jr.*

*Rep. Lisa Lumbra*

*Rep. Arthur F. Mayo III*

*Staff:*

*Colleen McCarthy, Legislative Analyst*

*Office of Policy and Legal Analysis*

*Room 101/107/135, 13 State House Station*

*Augusta, ME 04333*

*(207)287-1670*



**Maine State Legislature  
OFFICE OF POLICY AND LEGAL ANALYSIS**

13 State House Station, Augusta, Maine 04333-0013  
Telephone: (207) 287-1670  
Fax: (207) 287-1275

**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.

Part A of the bill creates the Maine Health Care Authority. The Authority is required to administer the Maine Health Care Plan, a universal health care plan for all Maine residents. Part A requires the authority to contract with an administrator for the administration of the Maine Health Care Plan. It also assigns to the Maine Health Care Authority the tasks of creating a comprehensive state health resource plan, establishing a global budget and ensuring the quality and affordability of health care in the State.

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.

Part C eliminates the requirement for the Department of Human Services to create a health resource plan. This Part also repeals the certificate of need program.

Part D allows the members of the board of the Maine Health Care Authority to be paid for expenses incurred by them.

Part E repeals the statutes creating the State Employee Health Commission and the Health Insurance Plan for State Employees. State employees will be insured under the Maine Health Care Plan.

Part F requires the Bureau of Insurance and the Maine Health Care Authority to study the statutes and regulations enforced by the bureau and report to the Legislature regarding any statutory changes needed to coordinate the role of the bureau with the implementation of the Maine Health Care Plan.

Part G imposes the taxes necessary to pay for the Maine Health Care Plan.

Part H establishes the Maine Health Data Organization, an independent state agency that will oversee and coordinate health collection activities and collect, edit and store statewide health data resources.

Part I requires the Commissioner of Professional and Financial Regulation to cooperate with the Maine Health Data Organization's data collection activities and to require the cooperation of the health care practitioner licensing boards within and affiliated with the Department of Professional and Financial Regulation. Part B also requires the Commissioner of Human Services to cooperate with the Maine Health Data Organization's data collection activities.

Part J allows the board members for the Maine Health Data Organization to be reimbursed for their expenses.

Part K amends the licensing statutes for all health care practitioners to provide that repeated and intentional failure to comply with the data collection requirements imposed under the Maine Revised Statutes, Title 22, chapter 1683 is grounds for terminating a health care practitioner's license.

Part L requires the Department of Human Services to submit legislation to make technical corrections to the statutes necessitated by this Act.

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP MAJ	H-917
	OTP-AM MIN	S-553
		S-561

LD 1882 was reported out by the Joint Standing Committee on Banking and Insurance and is the result of the committee's deliberations on the legislation proposed in Legislative Document 1512, "An Act to Ensure Fairness and Choice to Patients and Providers under Managed Health Care," and Legislative Document 1753, "An Act to Control Health Care Costs and Improve Access to Health Care." This bill is the majority report of the committee.

In Part A, the bill proposed to create a licensing and regulatory process to allow the establishment of private purchasing alliances. Private purchasing alliances are nonprofit corporations licensed by the Bureau of Insurance to provide health insurance to members through multiple unaffiliated participating carriers. When established, an alliance must offer a range of health plans from at least 3 different carriers within the alliance's service area. One of the health plans that must be offered through the alliance is a catastrophic plan providing coverage for inpatient hospital benefits only.

In Part B, the bill proposed to extend the continuity of coverage protection for persons eligible for unemployment compensation from 90 days to 180 days and requires the Bureau of Insurance to set standards distinguishing excess insurance from basic insurance.

In Part C, the bill proposed to require health plans operating in this State to meet certain requirements regarding reporting and disclosure, utilization review, grievance procedures and quality of care criteria. The bill requires managed care plans to demonstrate adequate access to providers and health care services within the plan in accordance with standards developed by the Bureau of Insurance. Managed care plans must also use objective standards for the credentialing of providers, provide written statements of all decisions regarding credentialing and maintain an appeals process for providers. Managed care plans are prohibited from terminating, refusing to contract with or otherwise disciplining providers participating in the plan when the provider advocates for medically appropriate care for plan enrollees. Part C has an effective date of January 1, 1997.

In Part D, the bill proposed to repeal sections of current law applying to health maintenance organizations that are redundant with the statutory provisions in Part C and makes appropriate cross references in the Maine Revised Statutes, Title 2-A4 , chapter 56 to the relevant statutory provisions in Part C.

This bill also proposed to add an allocation section and a fiscal note.

**Committee Amendment "A" (S-543)** is the minority report. It proposed to remove the requirement that a private purchasing alliance offer a catastrophic health plan covering only inpatient hospital benefits. It proposed to remove the language in the quality of care provision that prohibits carriers from making coverage decisions based on an enrollee's age, nature of disability or degree of medical dependency. It proposed to add a provision requiring managed care plans to establish a mechanism for the use of specialists outside the plan when an enrollee has a chronic disease or other medical condition requiring specialty care. Committee Amendment "A" was not adopted.

**House Amendment "B" (H-917)** proposed to add a requirement that a private purchasing alliance offer a health plan providing coverage for outpatient benefits only, in addition to a

catastrophic health plan covering only inpatient hospital benefits. The outpatient health plan must offer a range of deductibles including a \$500 deductible plan.

**Senate Amendment "A" (S-553)** proposed to clarify that carriers must report statistics on plan complaints, adverse decisions and prior authorizations made by the health plan and that the utilization review requirements apply to health plans that require prior authorization of health care services. The amendment also recognizes that carriers may contract with provider networks, as well as with providers on an individual basis.

**Senate Amendment "C" (S-561)** proposed to require the catastrophic plan to offer a range of deductibles, including a \$1,000 deductible.

**House Amendment "A" (H-914)** proposed to require a private purchasing alliance, as established in the bill, to offer a health plan providing catastrophic coverage. House Amendment "A" was not adopted.

**Senate Amendment "B" (S-559)** proposed to require a private purchasing alliance, as established in the bill, to offer a health plan providing catastrophic coverage. Senate Amendment "B" was not adopted.

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

Public Law 1995, chapter 673 is the result of the 117th Legislature's deliberations on the legislation proposed in Legislative Document 1512, "An Act to Ensure Fairness and Choice to Patients and Providers under Managed Health Care," and Legislative Document 1753, "An Act to Control Health Care Costs and Improve Access to Health Care."

Part A creates a licensing and regulatory process to allow the establishment of private purchasing alliances. Private purchasing alliances are nonprofit corporations licensed by the Bureau of Insurance to provide health insurance to members through multiple unaffiliated participating carriers. When established, an alliance must offer a range of health plans from at least 3 different carriers within the alliance's service area. One of the health plans that must be offered through the alliance is a catastrophic plan providing coverage for inpatient hospital benefits only. It also requires the catastrophic plan to offer a range of deductibles, including a \$1,000 deductible. In addition, the alliance must offer a health plan providing coverage for outpatient benefits only. The outpatient health plan must offer a range of deductibles including a \$500 deductible plan.

Part B extends the continuity of coverage protection for persons eligible for unemployment compensation from 90 days to 180 days and requires the Bureau of Insurance to set standards distinguishing excess insurance from basic insurance.

Part C requires health plans operating in this State to meet certain requirements regarding reporting and disclosure, utilization review, grievance procedures and quality of care criteria. It requires managed care plans to demonstrate adequate access to providers and health care services within the plan in accordance with standards developed by the Bureau of Insurance. Managed care plans must also use objective standards for the credentialing of providers, provide written statements of all decisions regarding credentialing and maintain an appeals process for providers. Managed care plans are prohibited from terminating, refusing to contract with or otherwise disciplining providers participating in the plan when the provider advocates for medically appropriate care for plan enrollees. Part C has an effective date of January 1, 1997.

Part D repeals sections of current law applying to health maintenance organizations that are redundant with the statutory provisions in Part C and makes appropriate cross references in the Maine Revised Statutes, Title 24-A, chapter 56 to the relevant statutory provisions in Part C.