

# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
118TH LEGISLATURE**

**FIRST REGULAR SESSION  
AND  
FIRST SPECIAL SESSION**

**BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
BANKING AND INSURANCE**

**JULY 1997**

**MEMBERS:**

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*Sen. Robert E. Murray, Jr.*

*Sen. I. Joel Abromson*

*Rep. Jane W. Saxl, Chair*

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*Rep. Joseph Bruno*

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**ONE HUNDRED EIGHTEENTH LEGISLATURE**  
**FIRST REGULAR AND FIRST SPECIAL SESSIONS**

**Summary Of Legislation Before The Joint Standing Committees**  
**August 1997**

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. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet ([www.state.me.us/legis/opla](http://www.state.me.us/legis/opla)).

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 Regular 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 IN CONCURRENCE</i> .....	<i>One body accepts ONTP report; the other indefinitely postpones the bill</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/FINAL PASSAGE</i> .....	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</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>OTP ND</i> .....	<i>Committee report Ought To Pass In New Draft</i>
<i>OTP ND/NT</i> .....	<i>Committee report Ought To Pass In New Draft/New Title</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>Bill held by Governor</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 First Regular Session (unless otherwise specified in a particular law) is June 26, 1997 and September 19, 1997 for the First Special Session.

*David E. Boulter, Director*  
 Offices Located in the State House, Rooms 101/107/135

consideration, to the charitable trust and to subscribers, if applicable, in the amount prescribed under the established formula.

The law authorizes the establishment of for-profit affiliates by nonprofit hospital and medical service organizations with other nonprofit institutions and for-profit health care providers as long as the nonprofit hospital and medical service organization has 50% or more control of the affiliate. The for-profit ownership interests in the affiliate may not exceed 25% if held by individual physicians, individually and aggregate; or 20% if held by nonprofit and non-charitable physician-hospital organizations, individually or in combination with individual physicians. The health insurance affiliate must have corporate purposes that are consistent with and in furtherance of the charitable purposes of the nonprofit hospital and medical service organization.

Public Law 1997, chapter 344 also streamlines the process for review of premium rates for individual and Medicare supplement insurance products for nonprofit hospital and medical service organizations and for-profit insurance companies regulated by the Maine Insurance Code. If a rate filing seeks an increase of less than 1.5 times the rate of inflation for medical costs and the company has a loss ratio of 80% or greater, the burden of proof is shifted from the insurance company to the Bureau of Insurance and any party asserting that the rates are excessive to prove that the rates are excessive. The burden of proving that rates are adequate and not unfairly discriminatory remains with the insurance company or the nonprofit hospital and medical service organization. The provisions governing rate review for individual and Medicare supplement insurance policies are repealed October 1, 2001.

## **LD 1857**

### **An Act to Protect Patients of Managed Care Plans**

**CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROOKS		

LD 1857 proposes to establish a duty and standard of ordinary care that must be provided by an insurance company, health maintenance organization, preferred provider organization or a nonprofit hospital and medical service organization under a managed health care plan. It also would authorize a person enrolled in a managed health care plan to bring a legal action for damages against a carrier if the person is harmed by a carrier's failure to exercise ordinary care.

LD 1857 was carried over to the Second Regular Session.

## **LD 1869**

### **An Act to Create a Universal Bank Charter**

**PUBLIC 398  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CARLETON MURRAY	OTP-AM	H-523 S-284 MURRAY

In November 1996, the Bureau of Banking formed a study group consisting of bankers, attorneys and bureau staff to study the various bank chartering options under state law. LD 1869 proposed to incorporate the recommendations of that study group in the development of a universal bank charter in the banking laws of this State by making the following changes.