

MAINE STATE LEGISLATURE

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STATE OF MAINE
118TH LEGISLATURE

SECOND REGULAR SESSION
AND
SECOND SPECIAL SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

MAY 1998

MEMBERS:

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Sen. Robert E. Murray, Jr.
Sen. I. Joel Abromson

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

**Summary Of Legislation Before The Joint Standing Committees
May 1998**

We are pleased to provide this summary of bills that were considered by the Joint Standing Committees of the Maine Legislature. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. 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 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).

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:

CON RES XXX..... Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE.....Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES.....House & Senate disagree; bill died
DIED IN CONCURRENCE.....One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT.....Action incomplete when session ended; bill died
EMERGENCY.....Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE.....Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE.....Bill failed to get majority vote
FAILED MANDATE ENACTMENT.....Bill imposing local mandate failed to get 2/3 vote
INDEF PP.....Bill Indefinitely Postponed
ONTP..... Ought Not To Pass report accepted
OTP ND..... Committee report Ought To Pass In New Draft
OTP ND/NT..... Committee report Ought To Pass In New Draft/New Title
P&S XXX..... Chapter # of enacted Private & Special Law
PUBLIC XXX..... Chapter # of enacted Public Law
RESOLVE XXX..... Chapter # of finally passed Resolve
UNSIGNED.....Bill held by Governor
VETO SUSTAINED.....Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is June 30, 1998 and July 9, 1998 for the Second Special Session. Second Special Session laws include Public Laws beginning with Chapter 718, Private and Special Laws beginning with Chapter 82 and Resolves beginning with Chapter 117.

Public Law 1997, chapter 592 corrects errors and inconsistencies and clarifies language in the licensing laws for insurance licensees as a result of the recodification of that chapter of the Maine Insurance Code.

Public Law 1997, chapter 592 also clarifies that a home service contract sold by a licensed real estate broker is not insurance and adds an exemption to the examination requirements for insurance producer licenses for applicants selling mechanical break down insurance only.

LD 2049

An Act to Restore the Managing General Agents Act

**PUBLIC 573
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO DAVIDSON	OTP	

During the last legislative session the Managing General Agents Act was repealed from the Maine Insurance Code. LD 2049 proposed to enact the Managing General Agents Act in the Maine Revised Statutes, Title 24-A, chapter 16, subchapter VIII. The language is similar to the previous law except for the change of the term "agent" to "producer" and internal cross-reference changes.

Enacted law summary

Public Law 1997, chapter 573 enacts the Managing General Agents Act in Maine Revised Statutes, Title 24-A, chapter 16. The Managing General Agents Act was inadvertently repealed in the last legislative session and not reenacted as part of Title 24-A, chapter 16. Public Law 1997, chapter 573 corrects that error.

Public Law 1997, chapter 573 was enacted as an emergency measure effective February 25, 1998; the law applies retroactively to October 1, 1997 to match the effective date of Maine Revised Statutes, Title 24-A, chapter 16.

LD 2050

An Act to Amend the Laws Concerning Life and Health Insurance

PUBLIC 604

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAXL J DAVIDSON	OTP-AM	H-819

LD 2050 proposed to make the following changes to the laws concerning life and health insurance.

In Part A clarify the applicability to multiple-employer welfare arrangements of the consumer protections provided in the Maine Revised Statutes, Title 24-A, chapter 56-A.

In Part B require a notice to terminating employees of their right to purchase an individual medical policy.

In Part C clarify requirements for coverage of newborn children and extends this requirement to health maintenance organizations.

In Part D clarify the law with respect to home health care insurance policies.

In Part E require assignment of benefits if requested by the insured.

Policyholders sometimes request termination of a life or health insurance policy prior to the end of the period for which premiums have been paid, not realizing that there will be no refund premium. Part F proposed to require disclosure in these circumstances and requires coverage for the full period for which premium has been paid unless the policyholder requests otherwise.

In Part G prohibit coordination with Medicare coverage for which the insured is eligible but not enrolled except under specified conditions.

Committee Amendment “A” (H-819) proposed to do the following.

1. Rewrite awkward language in Part B.
2. Make the language regarding requirements for newborn coverage consistent with other provisions.
3. Clarify that the amount payable upon assignment of benefits under a health insurance policy is the amount that would otherwise be payable under the policy or contract.
4. Require that insurers include a statement in the contract regarding whether or not a refund of premium is available when a policyholder requests termination of a policy prior to the end of the period for which premiums have been paid.
5. Clarify the coordination of Medicare benefits provisions.
6. Require that if a totally disabled person obtains replacement coverage the replacement plan is primary coverage during the extension of benefits period.

The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 604 makes several changes to the laws governing life and health insurance. It makes the provisions of Maine Revised Statutes, Title 24-A, chapter 56-A applicable to multiple-employer welfare arrangements. It requires nonprofit hospital and medical service organizations, insurers and health maintenance organizations to provide notice to group members terminating coverage under the group policy of their rights to purchase an individual insurance policy. It extends the requirements for coverage of newborn children to health maintenance organizations. And it clarifies the law with respect to home health care insurance policies.

Public Law 1997, chapter 604 also requires assignment of benefits under a health insurance policy if requested by an insured and clarifies that the amount payable upon assignment of benefits is the amount that would otherwise be payable under a policy or contract. It requires that life and health insurance contracts that do not provide for any refund of premium when a policyholder requests cancellation prior to the period for which premiums have been paid must include a statement in the contract to that effect and also requires insurers to provide similar written notice to a policyholder that no refund is payable but that coverage will be provided until the end of the period for which premiums have been paid.

Except under certain conditions, the law prohibits coordination of benefits with Medicare coverage for which the insured is eligible but not enrolled. And it requires that if a totally disabled person obtains replacement coverage the replacement plan is primary coverage during the extension of benefits period.

LD 2068

**An Act to Permit Off-label Use of Prescription Drugs for Cancer,
HIV or AIDS**

PUBLIC 701

<u>Sponsor(s)</u> LAWRENCE		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-580
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LD 2068 proposed to require health insurance policies to provide coverage for off-label use of prescription drugs for the treatment of cancer, HIV or AIDS when such use is recognized in standard medical compendia or peer-reviewed professional journals.

This bill applies to all policies, contracts and certificates in effect on or after January 1, 1999 that provide coverage for prescription drugs.

Committee Amendment “A” (S-580) replaced the bill. The amendment proposed to add a definition of "medically accepted indication" and require that carriers determine whether or not use of a drug for the treatment of cancer is a medically accepted indication based upon guidance provided by the federal Department of Health and Human Services. The amendment retained the language in the original bill regarding coverage of off-label prescription drugs for the treatment of HIV or AIDS.

This amendment also proposed to amend the definition of "peer-reviewed medical literature" and clarify that coverage provisions for maximum benefits, coinsurance and deductibles apply to coverage for off-label prescription drugs to the same extent that the provisions are applicable to coverage of all prescription drugs.

The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 1997, chapter 701 requires that nonprofit hospital and medical service organizations, insurers and health maintenance organizations provide coverage for off-label use of prescription drugs for the treatment of cancer when the use of the drug is a medically accepted indication demonstrated by recognition of the use in standard medical compendia or the insurance carrier’s determination that the use is medically accepted based upon guidance provided by the federal Department of Health and Human Services.

Public Law 1997, chapter 701 also mandates insurance coverage for off-label use of prescription drugs for the treatment of HIV or AIDS when such use is recognized in standard medical compendia or peer-reviewed medical literature.

The requirements of chapter 701 apply to all individual and group policies, contracts and certificates in effect on or after January 1, 1999 that provide coverage for prescription drugs.