

# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
119TH LEGISLATURE**

**FIRST REGULAR SESSION**

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

**JULY 1999**

**MEMBERS:**

*Sen. Lloyd P. LaFountain III, Chair*

*Sen. Neria R. Douglass.*

*Sen. I. Joel Abromson*

*Rep. Jane W. Saxl, Chair*

*Rep. Christopher P. O'Neil*

*Rep. Joseph C. Perry*

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*Rep. Nancy B. Sullivan.*

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*Rep. Kevin J. Glynn*

*Rep. Robert W. Nutting*

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**ONE HUNDRED NINETEENTH LEGISLATURE**  
**FIRST REGULAR SESSION**

**Summary Of Legislation Before The Joint Standing and Select Committees**  
**August 1999**

We are pleased to provide this summary of all bills that were considered by the Joint Standing and Select Committees of the Maine Legislature this past session. 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 and select committees.

The document is organized for convenient reference to information on bills considered by the 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](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:

*CARRIED OVER*.....Bill carried over to Second Regular Session  
*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  
*ENACTMENT FAILED*..... Bill failed to get vote required for enactment or final passage  
*NOT PROPERLY BEFORE THE BODY*..... Ruled out of order by the presiding officers; bill died  
*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 First Regular Session (unless otherwise specified in a particular law) is September 18, 1999.

|                                 |                                   |                                    |
|---------------------------------|-----------------------------------|------------------------------------|
| <u>Sponsor(s)</u><br>LAFOUNTAIN | <u>Committee Report</u><br>OTP-AM | <u>Amendments Adopted</u><br>S-182 |
|---------------------------------|-----------------------------------|------------------------------------|

LD 2157 proposed to do the following:

Part A proposed to amend the definition of "carrier" in the Health Plan Improvement Act to include nonprofit health care plans and fraternal benefit societies;

Part B proposed to provide a special dependent enrollment period under group health insurance when a certificate holder gains custody of a child. Such special dependent enrollment periods are currently available only in the event of marriage, birth, adoption or placement for adoption;

Part C proposed to amend individual health insurance reform laws. It proposed to clarify the definition of "legally domiciled," by changing the term "resident" to a "person who lives in this State." It also proposed to eliminate the use of a driver's license to establish legal domicile and changes a reference from state income tax to federal tax;

Part D proposed to clarify that the individual guaranteed issue laws do not require the Civilian Health and Medical Program for the Uniformed Services, CHAMPUS, supplemental coverage to be offered to those not covered by CHAMPUS. It also proposed to clarify that carriers that issue only this type of coverage in the individual market are not required to offer standardized plans;

Part E proposed to amend the small group guaranteed issue laws to allow professional associations to require that a minimum percentage of the eligible professionals in a firm be members of the association in order for that firm to be eligible for coverage under the association's health insurance plan;

Part F proposed to add to the health maintenance organization laws a cross-reference to the unfair claims settlement practices laws. It also proposed to extend to health maintenance organizations the mandated benefit reporting requirements and the requirement to pay interest on overdue claims currently applicable to indemnity insurers;

Part G proposed to add to the group and blanket health insurance laws a cross-reference to the individual and small group health insurance reform laws;

Part H proposed to clarify the applicability of credit life and credit health insurance laws;

Part I proposed to clarify that the requirement to pay interest on delayed claim payments applies to life insurance;

Part J proposed to amend the law restricting suicide exclusions in life insurance to permit such exclusions on the increased portion of the benefit when the face amount is increased;

Part K proposed to remove an antiquated limit on the amount of flight insurance that may be purchased;

Part L proposed to amend the continuity of coverage laws. It proposed to remove a reference to disability income insurance from the extension of benefits provision since this provision does not apply to disability income insurance. It corrected inconsistencies in the applicability to blanket policies by making these policies subject to all sections that apply to both group and individual coverage. It clarified the term "creditable coverage" by changing it to "federally creditable coverage." It clarified that a waiting period required under a group health policy must be credited toward any preexisting condition exclusion period, as required by federal law. It corrected inconsistent references to "effective date of coverage" and "date of enrollment." It proposed to amend the provision concerning late enrollees to conform to federal law;

Part M proposed to clarify which sections of Title 24-A apply to entities licensed under Title 24. Currently, there are various applicability sections scattered throughout Title 24. This bill proposed to consolidate them into a single section. It also proposed to replace certain sections of Title 24 that duplicate provisions in Title 24-A with cross-references to the corresponding section in Title 24-A. In addition, it proposed to make entities licensed under Title 24 subject to the requirement to pay interest on overdue claims;

Part N proposed to enact a coordination of benefits provision for individual health insurance similar to the existing provisions for group insurance and for group and individual nonprofit hospital and medical service organizations;

Part O proposed to make necessary cross-reference changes; and

Part P proposed to clarify that an eligible employee under the small group health insurance laws must have at least one full-time employee.

This bill was submitted on behalf of the Department of Professional and Financial Regulation.

**Committee Amendment "A" (S-182)** proposed to do the following.

1. In Part C, it proposed to amend the definition of "legally domiciled" for purposes of qualifying for individual health insurance coverage in this State and require that persons living in this State also satisfy three of four criteria to establish legal domicile in Maine. The amendment also proposed to allow those who may not qualify under the established criteria to establish legal domicile based on other relevant factors;
2. In Part I, it proposed to clarify that the operation of the late payments provision is suspended for health claims disputed or appealed in accordance with Bureau of Insurance Rule Chapter 850;
3. In Part N, it proposed to correct a technical error;
4. It proposed Part Q to ensure that the confidentiality of the accreditation survey report provided by the National Committee for Quality Assurance to a health maintenance organization will be protected upon its submittal to the Bureau of Insurance and the Department of Human Services during an examination of the quality of health care services delivered by the health maintenance organization; and
5. It proposed Part R to clarify the minimum benefits standards applicable to multiple-employer welfare arrangements and authorizes the Superintendent of Insurance to exempt certain arrangements from offering the standard and basic plans.

### *Enacted law summary*

Public Law 1999, chapter 256 does the following:

1. It amends the definition of "carrier" in the Health Plan Improvement Act to include nonprofit health care plans and fraternal benefit societies;
2. It provides a special dependent enrollment period under group health insurance when a certificate holder gains custody of a child;
3. It amends the definition of "legally domiciled" for purposes of qualifying for individual health insurance coverage and requires that persons living in this State also satisfy three of four criteria to establish legal domicile in Maine. It also allows those who may not qualify under the established criteria to establish legal domicile based on other relevant factors
4. It clarifies that the individual guaranteed issue laws do not require the Civilian Health and Medical Program for the Uniformed Services, CHAMPUS, supplemental coverage to be offered to those not covered by CHAMPUS. It also clarifies that carriers that issue only this type of coverage in the individual market are not required to offer standardized plans;
5. It amends the small group guaranteed issue laws to allow professional associations to require that a minimum percentage of the eligible professionals in a firm be members of the association in order for that firm to be eligible for coverage under the association's health insurance plan;
6. It extends to health maintenance organizations the mandated benefit reporting requirements and the requirement to pay interest on overdue claims currently applicable to indemnity insurers;
7. It clarifies that the requirement to pay interest on delayed claim payments applies to life insurance. In addition, it requires that the operation of the late payments provision be suspended for health claims disputed or appealed in accordance with Bureau of Insurance Rule Chapter 850;
8. It amends the law restricting suicide exclusions in life insurance to permit such exclusions on the increased portion of the benefit when the face amount is increased;
9. It amends the continuity of coverage laws to remove a reference to disability income insurance from the extension of benefits provision since this provision does not apply to disability income insurance. It makes applicability to blanket policies subject to all sections that apply to both group and individual coverage. It also clarifies that a waiting period required under a group health policy must be credited toward any preexisting condition exclusion period, as required by federal law;
10. It clarifies which sections of Title 24-A apply to entities licensed under Title 24 by consolidating them into a single section. In addition, it makes entities licensed under Title 24 subject to the requirement to pay interest on overdue claims;
11. It enacts a coordination of benefits provision for individual health insurance similar to the existing provisions for group insurance and for group and individual nonprofit hospital and medical service organizations;
12. It requires that an eligible employee under the small group health insurance laws must have at least one full-time employee.
13. It ensures that the confidentiality of the accreditation survey report provided by the National Committee for Quality Assurance to a health maintenance organization be protected upon its submittal to the Bureau of Insurance and the

Department of Human Services during an examination of the quality of health care services delivered by the health maintenance organization; and

14. It clarifies the minimum benefits standards applicable to multiple-employer welfare arrangements and authorizes the Superintendent of Insurance to exempt certain arrangements from offering the standard and basic plans.

**LD 2225                      An Act to Permit Certain Referrals by Health Care Practitioners                      CARRIED OVER**

|                             |  |                         |  |                           |
|-----------------------------|--|-------------------------|--|---------------------------|
| <u>Sponsor(s)</u><br>SAXL M |  | <u>Committee Report</u> |  | <u>Amendments Adopted</u> |
|-----------------------------|--|-------------------------|--|---------------------------|

LD 2225 proposes to allow a referral to another office or group of health care practitioners, regardless of whether the referring physician holds an investment interest in that office or group. Current law prohibits a health care practitioner from referring a patient to another facility in which the practitioner holds an interest unless the practitioner will be personally responsible for the provision of care to that patient..

LD 2225 has been carried over to the Second Regular Session.

**SP 640                      Joint Order - Relative to Establishing a Joint Select Committee to Study ONTP  
Third-Party Payments to Health Care Providers**

|                               |  |                                       |  |                           |
|-------------------------------|--|---------------------------------------|--|---------------------------|
| <u>Sponsor(s)</u><br>KILKELLY |  | <u>Committee Report</u><br>ONTP - MAJ |  | <u>Amendments Adopted</u> |
|-------------------------------|--|---------------------------------------|--|---------------------------|

This joint order proposed to establish a joint select committee to study third-party payments to health care providers. The select committee would have consisted of seven members and would have been charged with studying the problems of delays in payments by health insurance companies to health care providers and the cash-flow problems this creates for providers. The joint order proposed to have the study report submitted by January 1, 2000 to the Joint Standing Committee on Health and Human Services Committee and the Joint Standing Committee on Banking and Insurance.