

# MAINE STATE LEGISLATURE

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*State Of Maine  
120th Legislature*

*First Regular Session*

*Bill Summaries*

*Joint Standing Committee  
on  
Banking and Insurance*

*August 2001*

**Members:**

*Sen. Lloyd P. LaFountain III, Chair*

*Sen. I. Joel Abromson*

*Sen. Neria R. Douglass*

*Rep. Christopher P. O'Neil, Chair*

*Rep. Benjamin F. Dudley*

*Rep. Nancy B. Sullivan*

*Rep. Marilyn E. Canavan*

*Rep. Lisa T. Marrache*

*Rep. William J. Smith*

*Rep. Arthur F. Mayo III*

*Rep. Kevin J. Glynn*

*Rep. Florence T. Young*

*Rep. John M. Michael*

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**Maine State Legislature**  
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**120th Legislature**  
**First Regular Session**

**Summary Of Legislation Before The Joint Standing Committees**  
**August 2001**

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing 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 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*  
*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*  
*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 21, 2001**.

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

## Joint Standing Committee on Banking and Insurance

LD 251 proposed to clarify the application of the definitions of "medical necessity" and "medically appropriate health care" to the medical review or utilization review practices of managed health care plans in the State.

**Committee Amendment "A" (H-328)** was the majority report of the committee and replaced the bill. The amendment proposed to repeal the definitions of "medical necessity" and "medically appropriate health care" and replace them with a definition of "medically necessary health care." The amendment clarified that "medically necessary health care" is the standard used to govern review of medical issues in utilization review at all stages of review, including internal and external appeals and civil action.

### *Enacted law summary*

Public Law 2001, chapter 288 repeals the definitions of "medical necessity" and "medically appropriate health care" and replaces them with a definition of "medically necessary health care." The law clarifies that the term "medically necessary health care" is the standard used to govern review of medical issues in utilization review at all stages of review, including internal and external appeals and civil action.

**LD 256**                      **An Act to Limit the Interest Rate Charged on Debt to 29 Percent**                      **ONTP**

<u>Sponsor(s)</u> GOODWIN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 256 proposed to limit the interest that may be charged on consumer credit transactions to 29%.

**LD 275**                      **An Act to Create Purchasing Alliances of Small Businesses In Order to Purchase Health Insurance**                      **ONTP**

<u>Sponsor(s)</u> BULL RAND		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 275 proposed to allow small employers with 100 or fewer employees to form an association for the purpose of obtaining health insurance on an aggregate group basis.

**LD 318**                      **An Act to Clarify the Law Concerning Representations Made in Insurance Contracts**                      **ONTP**

<u>Sponsor(s)</u> LAFOUNTAIN MAYO		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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