

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

Staff:

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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).

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

Enacted law summary

Public Law 2001, chapter 88 makes several changes to the laws concerning the financial regulation of health maintenance organizations. The law does the following.

1. It clarifies that health maintenance organizations, or HMOs, are subject to the same provisions as authorized insurers regarding the voluntary termination of certificate of authority. The requirements of the Maine Revised Statutes, Title 24-A, section 415-A are made expressly applicable to HMOs with respect to a voluntary partial or total withdrawal from the market. The Superintendent of Insurance is permitted to require a withdrawing HMO to maintain its deposit after the HMO has withdrawn. Currently, it is unclear what processes and requirements would be applicable to an HMO that wishes to voluntarily surrender, or seek modification of, its certificate of authority. The requirements of section 415-A provide guidance as to what is required for these actions and clarify that any such proposal must be carried out pursuant to a plan approved by the superintendent.
2. It prohibits any provider who has rendered a covered service for an enrollee or subscriber of an insolvent HMO from billing the enrollees or subscribers for these services after a petition for liquidation has been filed. In this circumstance, the providers have to seek payment from the HMO or the receiver of the HMO. Claims for covered services incurred between the time a petition for liquidation is filed and the time coverage terminates may be paid by the receiver as costs of administration in a liquidation. It also clarifies that other provider claims for covered services fall within the same priority class as policyholder claims. In addition, if a receiver is unable to prorate a premium when coverage ceases under a liquidation, the receiver must return such an unearned premium to members or subscribers as a cost of administration.
3. It clarifies the appropriate calculation when determining the amount of required minimum surplus as a percentage of health care expenditures and the interrelationship of Title 24-A, chapter 79 and section 4204-A.
4. It clarifies that dividends payable by HMOs, for example, to a parent organization, are subject to the same standards and approval requirements as dividends paid by insurance companies.
5. It makes the receivership laws apply to all authorized HMOs, foreign and domestic.
6. It makes the requirements of the laws concerning bulk insurance and voluntary dissolution expressly applicable to HMOs.
7. It provides that in the continuation of coverage provisions after an HMO insolvency, the superintendent is permitted to take into account increased health care costs in considering replacement rates for multiple-year contracts. The superintendent is also permitted to equitably allocate groups of a withdrawing HMO to other HMOs operating in at least a portion of the same service area.

LD 1400

An Act to Provide Health Insurance to Uninsured Maine Residents

ONTP

Sponsor(s)
PERKINS
KILKELLY

Committee Report
ONTP

Amendments Adopted

Joint Standing Committee on Banking and Insurance

LD 1400 proposed to establish a health coverage purchasing pool to make health coverage available through the power of a group purchase to residents of the State who are unable to obtain or to afford coverage. The bill would have required covered persons to pay premiums to cover the costs of their coverage and any administrative costs. The bill proposed to require the Commissioner of Human Services to select the health coverage plan to be offered through the purchasing pool and require the Commissioner to provide any necessary administrative services. The bill would have required that at least one health plan offered by the purchasing pool have an annual deductible of \$10,000. The purchasing pool is exempt from the prohibition on forming a group for the sole purpose of purchasing insurance provided in the Maine Revised Statutes, Title 24-A, section 2808. The bill also proposed to require that any initial funding required for the establishment of the purchasing pool be allocated from the Fund for a Healthy Maine.

LD 1402

**An Act to Clarify and Update the Security Requirements for
Employers Self-insured for Workers' Compensation Liabilities**

PUBLIC 224

<u>Sponsor(s)</u> MATTHEWS EDMONDS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-246
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LD 1402 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1402 proposed to change the security and assessment provisions for self-insured employers in order to address financial risks currently borne by injured workers and self-insured employers as a result of the current structure of the Maine Self-Insurance Guarantee Association assessment mechanism.

It proposed to change the basis for calculating the minimum security requirements to an actuarially determined liability in place of the case reserves that are used under current law and limit the unsecured liability that may be authorized under the working capital offset to \$10,000,000, a level equal to 5 times the Maine Self-Insurance Guarantee Association funding cap. The bill also proposed to authorize the Maine Self-Insurance Guarantee Association to levy assessments in excess of the otherwise-applicable limits when necessary to avoid a default in benefit payments to injured workers.

Committee Amendment "A" (H-246) proposed to clarify the cap on assessments that may be made by the Maine Self Insurance Guarantee Association upon individual and group self-insurers for workers' compensation.