

MAINE STATE LEGISLATURE

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*State Of Maine
122nd Legislature*

*First Regular Session and
First Special Session*

Bill Summaries

*Joint Standing Committee
on
Insurance and Financial Services*

August 2005

Members:

*Sen. Nancy B. Sullivan, Chair
Sen. Arthur F. Mayo III
Sen. Peter Mills*

Rep. Anne C. Perry, Chair

Rep. Lisa T. Marrache

Rep. John R. Brautigam

Rep. Charles William Harlow

Rep. Donald E. Pilon

Rep. Kevin J. Glynn

Rep. Michael A. Vaughan

Rep. R. Kenneth Lindell

Rep. Jonathan B. McKane

Rep. Wesley E. Richardson

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Maine State Legislature

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122nd Legislature

First Regular Session and First Special Session

Summary of Legislation Considered by the Joint Standing Committees August 2005

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. A subject index for each committee is included immediately before the bill summaries for that committee, and a numerical index by LD number is included 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
ONT P	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 **June 29, 2005**; and for non-emergency legislation enacted in the First Special Session is **September 17, 2005**.

Joint Standing Committee on Insurance and Financial Services

LD 1490

An Act To Create a Nonprofit State-run Insurance Plan

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CANAVAN	ONTP MAJ	
COWGER	OTP-AM MIN	

LD 1490 proposed to direct the Board of Directors of Dirigo Health to propose the establishment of a nonprofit health care plan that would offer consumers moderately priced insurance products under Dirigo Health as an alternative to those currently offered through an existing public plan. The bill directs the board to submit its proposal, including, but not limited to, a funding mechanism to capitalize the proposed nonprofit health care plan and any recommended legislation to the joint standing committee of the Legislature having jurisdiction over health and human services matters.

Committee Amendment "A" (H-515) is the minority report of the committee. The amendment replaced the bill with a resolve. The amendment proposed to require the Governor's Office of Health Policy and Finance to prepare a business plan proposal for a nonprofit hospital and medical service organization for submission to the Joint Standing Committee on Insurance and Financial Services no later than March 1, 2006. The bill required the Board of Directors of Dirigo Health to propose a nonprofit health care plan. The amendment also added a provision to require the Department of Professional and Financial Regulation, Bureau of Insurance, in consultation with Dirigo Health, to study the feasibility of establishing a demonstration project to test the effectiveness of different marketing strategies for DirigoChoice, the Dirigo health insurance product. The bureau is required to submit a report on the feasibility study to the Joint Standing Committee on Insurance and Financial Services no later than January 15, 2006. Committee Amendment "A" was not adopted.

LD 1496

An Act To Reduce Maine's Health Insurance Rates and Expand Consumer Choice

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	JT RULE 309	
WESTON		

LD 1496 proposed to do the following.

Part A repeals the guaranteed issuance and community rating law for individual health plans effective April 1, 2006 and allows carriers to treat their pre-2006 book of business separately from their post-2006 book of business. It makes changes to the continuity of coverage laws to allow underwriting when someone switches carriers in the individual market.

Part A creates the Comprehensive Health Insurance Risk Pool Association. The purpose of the association is to spread the cost of high-risk individuals among all health insurers. The bill funds the high-risk pool through an assessment on insurers. An individual insured through the high-risk pool may be charged a premium up to 150% of the average premium rates charged by carriers for similar health insurance plans. The bill requires the State to submit an application to the Federal Government for federal assistance to create a high-risk pool.

Part A also removes the requirement that carriers offer standard and basic plans as defined in Bureau of Insurance Rule Chapter 750 in the individual market.

Joint Standing Committee on Insurance and Financial Services

Part B repeals the community rating law for small group health plans effective January 1, 2007 and enacts in its place provisions governing the rating of small group health plans based on a model act from the National Association of Insurance Commissioners.

Part C allows a carrier to offer health plans that do not comply with geographic access standards if the carrier also offers health plans that comply with those access standards or offers a fee-for-service health plan.

Part D imposes a \$250,000 cap on noneconomic damages awarded in medical malpractice cases.

Part E allows individuals a state income tax deduction for contributions to health savings accounts and for payments made toward health insurance premiums.

Part F repeals the statutory provisions governing the State Health Plan and certificate of need.

Part G requires the Department of Health and Human Services to submit legislation by January 1, 2006 to increase MaineCare reimbursement rates for health care providers by 20%. Part G also requires the Department of Professional and Financial Regulation, Bureau of Insurance to conduct a study of the State's rate and form filing laws and make recommendations for changes to reduce the costs and resources expended by health insurance carriers seeking regulatory approval of new health insurance products.

House Amendment "A" (H-717) proposed to remove the provisions of the bill, except for those that eliminate guaranteed issue with respect to individual health insurance policies, establish a high-risk pool and direct the Department of Professional and Financial Regulation, Bureau of Insurance to review the State's health insurance rate and form filing requirements. House Amendment "A" was not adopted.

Senate Amendment "A" (S-393) proposed to remove the provisions of the bill, except for those that eliminate guaranteed issue with respect to individual health insurance policies, establish a high-risk pool and direct the Department of Professional and Financial Regulation, Bureau of Insurance to review the State's health insurance rate and form filing requirements. Senate Amendment "A" was not adopted.

Senate Amendment "B" (S-402) proposed to remove the provisions of the bill, except for those that eliminate guaranteed issue with respect to individual health insurance policies, establish a high-risk pool and direct the Department of Professional and Financial Regulation, Bureau of Insurance to review the State's health insurance rate and form filing requirements. Senate Amendment "B" was not adopted.

LD 1499

An Act To Amend the Laws Related to Health Insurance and Confidentiality of Property and Casualty Filings

PUBLIC 121

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

LD 1499 proposed to make the following changes to the health insurance laws.

1. It gives employees of employers with fewer than 20 employees who have health coverage through a multiple employer welfare arrangement the same protection currently available to employees of employers with fewer