

# 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*

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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
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 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*

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

## *Joint Standing Committee on Insurance and Financial Services*

than 20 employees who are covered by insurance carriers. This limited protection allows the employee to stay on the employer's health plan for up to a year only in the event of a workers' compensation claim or a temporary layoff.

2. It makes credit union groups subject to the requirements concerning guaranteed issue, rating and rate filing that currently apply to individual health insurance and certain association group health insurance.
3. It amends the law concerning filing of insurance forms, rates and rating rules to provide that forms and any supporting information become public on the date the filing is approved. Under current law, filings are confidential until the filing becomes effective.
4. It provides that when someone is covered under more than one health insurance policy, payments by the primary insurer must be counted toward the deductible by the secondary insurer.
5. It amends the law concerning the guaranteed loss ratio option for small group health insurers to change the minimum threshold for eligibility from 1,000 member months to 1,000 members. This change does not apply to carriers already using this option.
6. It amends the law that requires group health carriers to notify policyholders 60 days in advance of any rate increase to specify that the notice must state that the increase is subject to regulatory approval when that is the case.
7. It amends the laws concerning guaranteed renewal of health insurance to comply with federal law with respect to coverage through associations.
8. It amends the continuity of coverage law to clarify that a waiting period is not counted as a break in coverage nor is it counted as a period of actual coverage except in limited circumstances, consistent with federal law.
9. It clarifies the laws concerning categories of mental health providers that must be covered to the same extent as physicians for services within the scope of their licenses.

### ***Enacted law summary***

Public Law 2005, chapter 121 makes the following changes to the laws governing individual and group health insurance.

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 than 20 employees who are covered by insurance carriers. This limited protection allows the employee to stay on the employer's health plan for up to a year only in the event of a workers' compensation claim or a temporary layoff.
2. It makes credit union groups subject to the requirements concerning guaranteed issue, rating and rate filing that currently apply to individual health insurance and certain association group health insurance.
3. It amends the law concerning filing of insurance forms, rates and rating rules to provide that forms and any supporting information become public on the date the filing is approved. Under current law, filings are confidential until the filing becomes effective.

## *Joint Standing Committee on Insurance and Financial Services*

4. It provides that when someone is covered under more than one health insurance policy, payments by the primary insurer must be counted toward the deductible by the secondary insurer.
5. It amends the law concerning the guaranteed loss ratio option for small group health insurers to change the minimum threshold for eligibility from 1,000 member months to 1,000 members. This change does not apply to carriers already using this option.
6. It amends the law that requires group health carriers to notify policyholders 60 days in advance of any rate increase to specify that the notice must state that the increase is subject to regulatory approval when that is the case.
7. It amends the laws concerning guaranteed renewal of health insurance to comply with federal law with respect to coverage through associations.
8. It amends the continuity of coverage law to clarify that a waiting period is not counted as a break in coverage nor is it counted as a period of actual coverage except in limited circumstances, consistent with federal law.
9. It clarifies the laws concerning categories of mental health providers that must be covered to the same extent as physicians for services within the scope of their licenses.

**LD 1523**

**An Act To Create Lower-cost Health Insurance Options**

**ONTP**

<u>Sponsor(s)</u> WOODBURY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1523 proposed to require health insurance carriers to offer a catastrophic health plan as alternative coverage for each of its group health coverage plans. The bill requires the Superintendent of Insurance to define, by rule, the requirements of the catastrophic plan. The bill also requires that employers providing health insurance coverage to their employees offer their employees the option of choosing the catastrophic plan. To the extent allowed by federal and state law, the bill allows carriers and employers to establish health savings accounts in conjunction with the catastrophic plan.

LD 1523 also proposed to require the State Employee Health Insurance Program to offer a high-deductible health plan option compatible with health savings accounts.

**LD 1545**

**An Act To Establish a Cooperative Approach to Health Care Coverage**

**ONTP**

<u>Sponsor(s)</u> DAIGLE		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1545 proposed to do the following:

Part A expands the Dirigo Health Insurance program to all residents of this State starting January 1, 2006. The bill requires that the Board of Directors of Dirigo Health develop a benefit package compatible with federally