

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from electronic originals
(may include minor formatting differences from printed original)

*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

Staff:

Colleen McCarthy Reid, Legislative Analyst

Lucia A. Nixon, Legislative Analyst

Office of Policy and Legal Analysis

13 State House Station

Augusta, ME 04333

(207) 287-1670



Maine State Legislature

OFFICE OF POLICY & LEGAL ANALYSIS

13 State House Station, Room 215 Cross State Office Building

Augusta, Maine 04333-0013

Telephone: (207) 287-1670

Fax: (207) 287-1275

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

authorized health savings accounts and provide the opportunity for health savings accounts for all eligible individuals. The bill also limits the out-of-pocket maximums, including deductibles, copayments and coinsurance, under the Dirigo Health Insurance program to 10% of an eligible individual's adjusted gross income. The bill requires Dirigo Health to establish the Enrollee Hardship Fund to provide financial assistance to eligible individuals to meet any required out-of-pocket maximums under the Dirigo Health Insurance program.

Financing for coverage under the Dirigo Health Insurance program is provided through an individual health assessment. Beginning January 1, 2006, each resident individual and nonresident individual subject to income tax liability must pay an individual health assessment of 5% for the first \$150,000 of that individual's adjusted gross income and an additional 1% of any portion of that adjusted gross income that exceeds \$150,000 unless the individual has other coverage through at least a basic catastrophic policy and is not enrolled in Dirigo Health. The bill repeals the provision in current law relating to savings offset payments by health insurers and 3rd-party administrators.

Part B and Part C correct cross-references necessitated by changes in this bill.

LD 1561

Resolve, To Study the Feasibility of Establishing an Insurance Fraud Unit within the Bureau of Insurance

RESOLVE 47

<u>Sponsor(s)</u> PERRY A	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-395
------------------------------	-----------------------------------	------------------------------------

LD 1561 proposed to create the Bureau of Insurance, Insurance Fraud Unit, overseen by the Board of Insurance Fraud and administered by a director. The personnel of the Insurance Fraud Unit would include the director, a chief investigator, field investigators, clerical staff and an assistant attorney general permanently assigned to the unit. Assistant district attorneys may also be temporarily assigned to the Insurance Fraud Unit. The purpose of the Insurance Fraud Unit is to respond to complaints of and investigate and prosecute instances of insurance fraud. This bill proposed to require insurers and self-insureds in the State to create special investigation groups within their organizations that have at least one licensed private investigator who is either an employee or independent contractor to report any suspected insurance fraud to the Insurance Fraud Unit. Personnel of the Insurance Fraud Unit have law enforcement powers to carry out their investigatory duties, including the power to subpoena, administer oaths, execute warrants and request court orders as part of their investigations. The Insurance Fraud Unit is funded by a 25¢ fee on certain insurance policies and the Board of Insurance Fraud is authorized to borrow up to 30% of the start-up costs of the Insurance Fraud Unit.

Committee Amendment "A" (H-395) changed the title and replaced the bill with a resolve. The amendment proposed to require the Superintendent of Insurance to conduct a feasibility study regarding the establishment of an insurance fraud unit within the Department of Professional and Financial Regulation, Bureau of Insurance to address fraudulent conduct of consumers, insurance producers and insurers. The bill proposed to establish an insurance fraud unit. The amendment would require the superintendent to submit a report on the feasibility study, and any proposed legislation, to the Joint Standing Committee on Insurance and Financial Services by December 5, 2005 and authorize the committee to report out a bill following its review of the report.

Enacted law summary

Resolve 2005, chapter 47 requires the Superintendent of Insurance to conduct a feasibility study regarding the establishment of an insurance fraud unit within the Bureau of Insurance to address fraudulent conduct of

Joint Standing Committee on Insurance and Financial Services

consumers, insurance producers and insurers. The resolve requires the superintendent to submit a report on the feasibility study, and any proposed legislation, to the Joint Standing Committee on Insurance and Financial Services by December 5, 2005 and authorizes the committee to report out a bill following its review of the report.

LD 1577

An Act To Modify Savings Offset Payments and To Clarify Certain Other Provisions of the Dirigo Health Act

PUBLIC 400

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM MAJ OTP-AM MIN	H-687 PERRY A S-359

LD 1577 proposed to clarify and make changes to the date the savings offset payment determination is made and the date payments may begin under the Dirigo Health Act to reflect the delay in the implementation of Dirigo Health. In addition, the bill proposed to change the basis for computing savings offset payments from premiums to paid claims.

Committee Amendment "A" (S-359) proposed to replace the bill and was the majority report. The amendment proposed to add an emergency preamble and emergency clause. The amendment proposed to:

1. Allow insurers, for the calendar year 2006, to give 30 days' notice of changes in rates to policyholders instead of the 60 days' or 90 days' notice required under current law;
2. Change the term "Dirigo Health Insurance" to "Dirigo Health Program" and revise the definition and update the statutes accordingly;
3. Specify the joint standing committee of the Legislature having jurisdiction over insurance matters as the committee of jurisdiction for Dirigo Health;
4. Amend the Dirigo Health Act in several places to bring the law into compliance with federal requirements related to pooling of funds for providing a state match for federal Medicaid dollars;
5. Allow for the pooling of savings offset payment revenue and clearly state that the calculation of the savings offset payment amount is limited to the amount of funds necessary to provide subsidies and to support the Maine Quality Forum, and that the calculation may not include general administrative expenses of Dirigo Health;
6. Change from premiums to paid claims the assessment base for savings offset payments required from health insurance carriers and employee benefit excess insurance carriers and establish paid claims as the assessment base for savings offset payments required from 3rd-party administrators;
7. Provide for savings offset payments to apply to claims paid on or after January 1, 2006, 6 months later than in current law, to reflect delays in the implementation of Dirigo Health. It proposed to provide an exception to the quarterly savings offset payments for the first 3 months of 2006, during which time monthly savings offset payments, due not less than 60 days after the close of the month, would be required for plan years starting during those months. It proposed to allow 3rd-party administrators for groups of 500 or fewer members to make savings offset payments annually;