

MAINE STATE LEGISLATURE

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*State Of Maine
122nd Legislature*

Second Regular Session

Bill Summaries

*Joint Standing Committee
on
Insurance and Financial Services*

July 2006

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



Office of Policy and Legal Analysis Office of Fiscal and Program Review

122nd Maine Legislature Second Regular Session

Summary of Legislation Before The Joint Standing Committees

Enclosed please find a summary of all bills, resolves, joint study orders, joint resolutions and Constitutional resolutions that were considered by the joint standing 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 arranged alphabetically by committee name 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/billsumm.htm).

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:

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
P&S XXX.....	Chapter # of enacted Private & Special Law
PASSED.....	Joint Order passed in both bodies
PUBLIC XXX.....	Chapter # of enacted Public Law
RESOLVE XXX.....	Chapter # of finally passed Resolve
UNSIGNED (Pocket Veto).....	Bill held by Governor
VETO SUSTAINED.....	Legislature failed to override Governor's Veto

Please note that the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is August 23, 2006.

Joint Standing Committee on Insurance and Financial Services

LD 1845

An Act To Increase Access to Health Insurance Products

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRYANT M	OTP-AM MAJ	
BRYANT B	OTP-AM MIN	

LD 1845 proposed to allow the Board of Directors of Dirigo Health to cancel or not renew a contract with an insurance carrier to provide health care insurance to members of Dirigo Health. In the event of cancellation or nonrenewal of a contract to provide health care insurance under Dirigo Health by either the insurance carrier or the board, the board is authorized to establish an alternative organizational structure to provide health insurance coverage or to expand an existing public plan without seeking legislative approval.

Committee Amendment “A” (H-1012) is the majority report of the committee and replaced the bill. The amendment proposed to expand the Dirigo Health Board of Directors from 5 to 9 members and rename it the Board of Trustees of Dirigo Health. The amendment requires that 3 voting members of the board have expertise in accounting, banking, securities or insurance and adds the Treasurer of State as an ex officio, nonvoting member. The amendment clarifies that 5 members of the board constitute a quorum and that an affirmative vote of 5 members is needed for the board to take action. The amendment extends the limitation on personal liability of trustees under the Maine Uniform Trust Code to the trustees of Dirigo Health.

The amendment proposed to permit licensed insurance producers with health authority to sell the Dirigo Health Program insurance products if the producer meets certain training requirements. Additionally, the bill exempts producers from the appointment requirement solely for purposes of selling the Dirigo Health Program insurance products and holds a carrier underwriting Dirigo Health Program coverage harmless from liability for any actions of such producers.

The amendment would give authority to Dirigo Health to provide access to health benefits coverage through the Dirigo Health Self-administered Plan after the board evaluates bids for self-administered and fully insured benefits coverage. If the board makes the decision to provide coverage through a self-administered plan, the amendment requires the board to report to the joint standing committee of the Legislature having jurisdiction over health insurance matters within 30 days of the decision. The amendment also gives the committee the authority to report out legislation relating to the self-administered plan.

If the Dirigo Health Self-administered Plan is established, the amendment would authorize the board to enter into voluntary cooperative agreements with a public purchaser for purchasing and administrative functions only, but requires that the risk pools and reserves of the Dirigo Health Self-administered Plan and any public purchaser not be commingled. The amendment proposed to expand the duties and responsibilities of the board with regard to the establishment and ongoing management of the self-administered plan. The amendment would require the board to contract for services from actuaries, investment counsel, financial institutions, 3rd-party administrators and any other organization necessary to administer the plan. The amendment requires an actuary under contract to the board to determine the appropriate level of reserves and administrative costs for the plan and the amount of stop loss insurance necessary, provide opinions regarding the actuarial soundness of the plan, develop a rate structure for the plan and report annually to the board.

The amendment would require the Dirigo Health Self-administered Plan to maintain reserves at least equal to the sum of the amount necessary to pay claims and administrative costs for the assumed risk for 2 1/2 months and the amount determined annually by a qualified actuary to be necessary to fund the unpaid portion of ultimate expected losses and related expenses incurred in the provision of benefits. The amendment requires the reserve

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account to be adjusted on a quarterly basis and to be capitalized from any initial start-up funds transferred into the account by Dirigo Health, monthly enrollee payments, any funds received from any public or private source, legislative appropriations, payments from any state departments or agencies and any other means approved by the Legislature. The amendment also authorizes the board to purchase excess or stop loss insurance at attachment limits and levels recommended by a qualified actuary and removes the authority to establish a self-administered plan in the event the board is unable to purchase that insurance.

The amendment would require the Dirigo Health Self-administered Plan to meet the same requirements of the Maine Insurance Code that would be required by state law if health benefits coverage were provided by a health insurance carrier for community rating, guaranteed issuance, guaranteed renewal, continuity of coverage and mandated benefits. The amendment also requires that the self-administered plan extend the same benefits, rights and protections of the Maine Revised Statutes, Title 24-A, chapter 56-A and Bureau of Insurance Rule Chapter 850, including a limited right to sue the Dirigo Health Self-administered Plan. The amendment specifically waives the State's defense of immunity under the Maine Tort Claims Act.

Committee Amendment "A" was not adopted.

Committee Amendment "B" (H-1013) is the minority report of the committee and replaced the bill. The amendment proposed to end the terms of current Board of Directors of Dirigo Health members on September 30, 2006 and requires that the terms of new members be staggered. The amendment retains the 5-member board but requires that 2 of the 5 members be elected by Dirigo enrollees by written ballot. The amendment also adds 2 nonvoting members appointed by the Governor to represent labor and consumer advocacy interests.

The amendment would clarify that the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters is the committee of jurisdiction over Dirigo Health. The amendment requires the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters to review the Dirigo Health budget and make recommendations to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs. The amendment also proposed to require Dirigo Health to be reviewed under the Government Evaluation Act in 2007.

The amendment proposed to allow all carriers licensed to transact health insurance in this State to offer health insurance plans eligible for subsidy under the Dirigo Health Program if the plan is comparable to the prototype for a health benefits package developed by Dirigo Health and certified by the Superintendent of Insurance.

The amendment proposed to limit eligibility for Dirigo Health Program coverage to employers and individuals who did not have prior health insurance coverage for 6 months. The amendment also would require that Dirigo Health apply an asset limit that is 3 times the limits applied by MaineCare to determine eligibility for subsidies in addition to the requirement that an individual's income be at 300% or below the federal poverty level. The amendment requires that the subsidies be applied only to the premium cost for Dirigo Health Program coverage.

The amendment proposed to repeal the savings offset payment as the source of funding for subsidies for the Dirigo Health Program and instead would require an annual transfer of \$15,000,000 from General Fund undedicated revenue to support subsidies. The amendment also prohibits any funds collected by Dirigo Health from being used as the state share for an individual directly enrolled in MaineCare.

The amendment proposed to clarify that the amount of the subsidy received by individuals enrolled in Dirigo Health is not included as income for the purposes of determining eligibility for MaineCare. The amendment added an appropriations and allocations section to the bill. Committee Amendment "B" was not adopted.

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House Amendment “A” to Committee Amendment “A” (H-1060) proposed to remove all of the provisions in the majority report and turn the bill into a resolve requiring the creation of the Blue Ribbon Commission To Study Alternative Models for the Dirigo Health Program. The amendment proposed to require the commission to study alternative models, including the formation of a self-administered plan, the establishment of a nonprofit entity, the use of a voucher system and other models. The commission is composed of 11 members, including 4 Legislators, a representative of the Dirigo Health Board of Directors and members representing the interests of employers, health insurance carriers, hospitals, insurance producers and consumers. The amendment requires the commission to report to the First Regular Session of the 123rd Legislature and also authorizes the commission to introduce recommended legislation. This amendment adds an appropriations and allocations section. House Amendment “A” to Committee Amendment “A” was not adopted.

House Amendment “A” to Committee Amendment “B” (H-1052) proposed to reduce the amount of the annual transfer from the General Fund undedicated revenue from \$15,000,000 to \$2,700,000 to support subsidies for the Dirigo Health Program. House Amendment “A” to Committee Amendment “B” was not adopted.

House Amendment “B” to Committee Amendment “A” (H-1074) proposed to incorporate all of the elements of Committee Amendment “B” into Committee Amendment “A”. House Amendment “B” to Committee Amendment “A” was not adopted.

House Amendment “C” to Committee Amendment “A” (H-1099) proposed to clarify that the amount of the subsidy received by an individual enrolled in the Dirigo Health Program is not included as income for state income tax purposes or for the purposes of determining eligibility for MaineCare. House Amendment “C” to Committee Amendment “A” was not adopted.

Senate Amendment “A” to Committee Amendment “A” (S-632) proposed to incorporate all of the elements of Committee Amendment “B” into Committee Amendment “A”. Senate Amendment “A” to Committee Amendment “A” was not adopted.

Senate Amendment “B” to Committee Amendment “A” (S-633) proposed to remove all of the provisions in the majority report and turn the bill into a resolve requiring the creation of the Blue Ribbon Commission To Study Alternative Models for the Dirigo Health Program. The amendment would require the commission to study alternative models, including the formation of a self-administered plan, the establishment of a nonprofit entity, the use of a voucher system and other models. The commission is composed of 11 members, including 4 Legislators, a representative of the Dirigo Health Board of Directors and members representing the interests of employers, health insurance carriers, hospitals, insurance producers and consumers. The amendment requires the commission to report to the First Regular Session of the 123rd Legislature and also authorizes the commission to introduce recommended legislation. This amendment adds an appropriations and allocations section. Senate Amendment “B” to Committee Amendment “A” was not adopted.

Senate Amendment “C” to Committee Amendment “A” (S-640) proposed to require that the Dirigo Health Self-administered Plan must be approved by the Superintendent of Insurance before the plan may commence operations. The amendment would require that the superintendent determine that the plan will be operated in accordance with sound actuarial principles and has demonstrated compliance with the requirements of the Maine Revised Statutes, Title 24-A, section 6981.

The amendment also proposed to clarify that, after the initial approval of the self-administered plan, the Dirigo Health Board of Trustees must submit its actuarial assumptions to the Superintendent of Insurance annually for

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the superintendent's review and comment. Senate Amendment "C" to Committee Amendment "A" was not adopted.

LD 1855 **An Act To Establish the Securities Investor Education and Training Fund** **PUBLIC 485**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY A MAYO	OTP-AM	H-753

LD 1855 proposed to establish a Securities Investor Education and Training Fund as a dedicated, nonlapsing fund within the Department of Professional and Financial Regulation, Office of Securities to be used for the purposes of securities education and training. The fund would be limited to grant or donation funds, as well as amounts credited to the education and training fund pursuant to designations in consent orders or agreements and court orders or judgments, and would be independent from the operating fund of the Office of Securities.

Committee Amendment "A" (H-753) proposed to clarify that payments made to the Securities Investor Education and Training Fund that are designated in a consent order or consent agreement must result from a multistate investigation or a joint investigation with the federal Securities and Exchange Commission. It also proposed to add an appropriations and allocations section to the bill.

Enacted law summary

Public Law 2005, chapter 485 establishes the Securities Investor Education and Training Fund as a dedicated nonlapsing fund within the Department of Professional and Financial Regulation, Office of Securities to be used for the purposes of securities education and training. The fund must consist of grant or donation funds, as well as amounts credited to the education and training fund pursuant to designations in consent orders or agreements and court orders or judgments that result from a multistate investigation or a joint investigation with the federal Securities and Exchange Commission. The fund is independent from the operating fund for the Office of Securities.

LD 1935 **An Act To Protect Health Insurance Consumers** **INDEF PP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARTIN BRAUTIGAM	OTP-AM MAJ OTP-AM MIN	

LD 1935 proposed to prohibit insurance carriers from including the costs of the savings offset payment used to support subsidies for the Dirigo Health Program in health insurance premium rates.

Committee Amendment "A" (S-655) is the majority report of the committee and replaced the bill.

Part A of the amendment proposed to do the following.