

# 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 scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

STATE OF MAINE  
123<sup>RD</sup> LEGISLATURE  
SECOND REGULAR AND FIRST SPECIAL SESSIONS



Summaries of bills, adopted amendments and laws enacted or finally passed  
during the Second Regular or First Special Sessions of the 123<sup>rd</sup> Maine  
Legislature coming from the

**JOINT STANDING COMMITTEE ON INSURANCE AND  
FINANCIAL SERVICES**

May 2008

**STAFF:**

COLLEEN MCCARTHY REID  
LEGISLATIVE ANALYST  
OFFICE OF POLICY AND LEGAL ANALYSIS  
13 STATE HOUSE STATION  
AUGUSTA, ME 04333  
(207) 287-1670

**MEMBERS:**

SEN. NANCY B. SULLIVAN, CHAIR  
SEN. PETER B. BOWMAN  
SEN. LOIS A. SNOWE-MELLO  
  
REP. JOHN R. BRAUTIGAM, CHAIR  
REP. MARILYN E. CANAVAN  
REP. SHARON ANGLIN TREAT  
REP. CHARLES R. PRIEST  
REP. JILL M. CONOVER  
REP. PATSY GARSIDE CROCKETT  
REP. WESLEY E. RICHARDSON  
REP. MICHAEL A. VAUGHAN  
REP. JONATHAN B. MCKANE  
REP. DAVID G. SAVAGE

**STATE OF MAINE**  
123<sup>RD</sup> LEGISLATURE  
SECOND REGULAR & FIRST SPECIAL SESSIONS



**LEGISLATIVE DIGEST OF BILL SUMMARIES AND  
ENACTED LAWS**

This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all bills and adopted amendments and all laws enacted or finally passed during the Second Regular or First Special Sessions of the 123<sup>rd</sup> Maine Legislature.

The *Digest* is arranged alphabetically by committee, and within each committee by LD number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are summarized and listed by paper number. A subject index is included with each committee. The appendices include a summary of relevant session statistics, an index of all bills by LD number and an index of enacted laws by law type and chapter number.

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:

<i>CON RES XXX</i> .....	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i> .....	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i> .....	<i>House &amp; Senate disagree; bill died</i>
<i>DIED IN CONCURRENCE</i> .....	<i>One body accepts ONTP report; the other indefinitely postpones the bill</i>
<i>DIED ON ADJOURNMENT</i> .....	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i> .....	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT/FINAL PASSAGE</i> .....	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT/FINAL PASSAGE</i> .....	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i> .....	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>NOT PROPERLY BEFORE THE BODY</i> .....	<i>Ruled out of order by the presiding officers; bill died</i>
<i>INDEF PP</i> .....	<i>Bill Indefinitely Postponed; bill died</i>
<i>ONTP (or Accepted ONTP report)</i> .....	<i>Ought Not To Pass report accepted; bill died</i>
<i>P&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; Special Law</i>
<i>PUBLIC XXX</i> .....	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i> .....	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i> .....	<i>Bill held by Governor</i>
<i>VETO SUSTAINED</i> .....	<i>Legislature failed to override Governor's Veto</i>

The effective date for non-emergency legislation enacted in the Second Regular Session (R2) is June 30, 2008. The effective date for non-emergency legislation enacted in the First Special Session (S1) is July 18, 2008.<sup>1</sup> The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills. Any bill summarized in this document having an LD number less than 1932 was a bill carried over from the First Regular Session of the 123<sup>rd</sup> Legislature.

---

<sup>1</sup> The session in which each law was enacted or finally passed (R2 or S1) is included in Appendix C.

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

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

Part D repeals the statutory provisions governing the State Health Plan and Certificate of Need.

Part E 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.

### **Committee Amendment "A" (H-666)**

This amendment is the minority report of the committee. The amendment changes the name of the Comprehensive Health Insurance Risk Pool Association established in the bill to the Comprehensive Chronic Care Pool Association. The amendment adds a requirement that the Comprehensive Chronic Care Pool Association conduct a study of the possibility of offering a reinsurance pool for the small group health insurance market, including a comparison of the feasibility and costs of a reinsurance pool for small groups of 50 or fewer members and a reinsurance pool for small groups of 10 or fewer members. The report must be submitted to the joint standing committee of the Legislature having jurisdiction over health insurance matters by March 1, 2009, and legislation to implement the recommendations in the report may be submitted by the joint standing committee to the First Regular Session of the 124th Legislature. The amendment also changes dates in the bill to reflect the timeline based on enactment of the bill during the second regular session.

Committee Amendment "A" was not adopted.

### **LD 1072      Resolve, To Conduct an Updated Study of the Feasibility of Establishing a      RESOLVE 216** **Single-payor Health Care System in the State**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BEAUDOIN SCHNEIDER	OTP-AM MAJ ONTP MIN	H-644 H-662 BRAUTIGAM

LD 1072 establishes a universal access health care system that offers a choice of coverage through organized delivery systems or through a managed care system operated by the Maine Health Care Agency and channels all health care dollars through a dedicated trust fund.

Part A of the bill does the following.

1. It establishes the Maine Health Care Plan to provide security through high-quality, affordable health care for the people of the State. All residents and nonresidents who maintain significant contact with the State are eligible for covered health care services through the Maine Health Care Plan. The plan is funded by the Maine Health Care Trust Fund, a dedicated fund receiving payments from employers, individuals and plan members and, after fiscal year 2007, from the 5¢ per package increase in the cigarette tax. The Maine Health Care Plan provides a range of benefits, including hospital services, health care services from participating providers, laboratories and imaging procedures, home health services, rehabilitative services, prescription drugs and devices, mental health services, substance abuse treatment services, dental services, vision appliances, medical supplies and equipment and hospice care. Health care services under the Maine Health Care Plan are provided by participating providers in organized delivery systems and through the open plan, which is available to all providers. The plan is supplemental to other health care programs that may be available to plan members, such as Medicare, Medicaid, the federal Civilian

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

Health and Medical Program of the Uniformed Services, the federal Indian Health Care Improvement Act and workers' compensation.

2. It establishes the Maine Health Care Agency to administer and oversee the Maine Health Care Plan, to act under the direction of the Maine Health Care Council and to administer and oversee the Maine Health Care Trust Fund. The Maine Health Care Council is the decision-making and directing council for the agency and is composed of 3 full-time appointees.

3. It directs the Maine Health Care Agency to establish programs to ensure quality, affordability, efficiency of care and health planning. The agency health planning program includes the establishment of global budgets for health care expenditures for the State and for institutions and hospitals. The health planning program also encompasses the certificate of need responsibilities of the agency pursuant to the Maine Revised Statutes, Title 22, chapter 103-A and the health planning responsibilities pursuant to Title 2, chapter 5.

4. It contains a directive to the State Controller to advance \$400,000 to the Maine Health Care Trust Fund on the effective date, January 1, 2008. This amount must be repaid by the Maine Health Care Agency by June 30, 2009.

Part B of the bill establishes the Maine Health Care Plan Transition Advisory Committee. Composed of 20 members, appointed and subject to confirmation, the committee is charged with holding public hearings, soliciting public comments and advising the Maine Health Care Agency on the transition from the current health care system to the Maine Health Care Plan. Members of the committee serve without compensation but may be reimbursed for their expenses. The committee is directed to report to the Governor and to the Legislature on July 1, 2008, January 1, 2009, July 1, 2009 and December 31, 2009. The committee completes its work on December 31, 2009.

Part C of the bill establishes the salaries of the members of the Maine Health Care Council and the executive director of the Maine Health Care Agency.

Part D of the bill prohibits the sale on the commercial market of health insurance policies and contracts that duplicate the coverage provided by the Maine Health Care Plan. It allows the sale of health care policies and contracts that do not duplicate and are supplemental to the coverage of the Maine Health Care Plan.

Part E of the bill imposes a 5¢ per package increase in the cigarette tax beginning December 1, 2007. Proceeds from the cigarette tax increase are paid to the Maine Health Care Trust Fund.

Part F of the bill directs the Maine Health Care Agency to ensure employment retraining for administrative workers employed by insurers and providers who are displaced by the transition to the Maine Health Care Plan. It directs the Maine Health Care Agency to study the delivery and financing of long-term care services to plan members. Consultation is required with the Maine Health Care Plan Transition Advisory Committee, representatives of consumers and potential consumers of long-term care services and representatives of providers of long-term care services, employers, employees and the public. A report by the agency to the joint standing committee of the Legislature having jurisdiction over health and human services matters is due January 1, 2009.

The Maine Health Care Agency is directed to study the provision of health care services under the MaineCare, Medicaid and Medicare programs, waivers, coordination of benefit delivery and compensation, reorganization of State Government necessary to accomplish the objectives of the Maine Health Care Agency and legislation needed to carry out the purposes of the bill. The agency is directed to apply for all waivers required to coordinate the benefits of the Maine Health Care Plan and the Medicaid and Medicare programs. A report by the agency is due to the joint standing committee of the Legislature having jurisdiction over health and human services matters by March 1, 2008.

### **Committee Amendment "A" (H-644)**

This amendment replaces the bill and is the majority report of the committee. The amendment changes the bill from an act to a resolve. The amendment requires the Legislature to contract for an update to a 2002 study of the

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

feasibility of establishing a single-payor health plan in the State. The amendment requires that the updated study be submitted to the First Regular Session of the 124th Legislature and authorizes the joint standing committee of the Legislature having jurisdiction over health insurance matters to submit legislation based on the updated feasibility study.

### **House Amendment "A" (H-662)**

This amendment requires that only outside funding be used to support the costs of the updated study. The amendment also provides that the costs of the study may not exceed \$60,000.

### **Enacted Law Summary**

Resolve 2007, chapter 216 requires the Legislature to contract for an update to a 2002 study of the feasibility of establishing a single-payor health plan in the State. The resolve specifies that the costs of the study may not exceed \$60,000 and that only outside funding be used. The resolve also requires that the updated study be submitted to the First Regular Session of the 124th Legislature and authorizes the joint standing committee of the Legislature having jurisdiction over health insurance matters to submit legislation based on the updated feasibility study.

### **LD 1082 An Act To Create a Maine-based Independent Nonprofit Health Insurance Company**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PRIEST MARTIN	ONTP	

LD 1082 directs the Board of Directors of Dirigo Health to establish a nonprofit health care plan to deliver health insurance coverage under Dirigo Health as an alternative to health insurance coverage offered by commercial health insurance carriers. The bill requires the board to consult with the Department of Professional and Financial Regulation, Bureau of Insurance and other state agencies as necessary and authorizes the board to contract for actuarial, financial and legal services. If the board determines that additional legislation is needed to establish the nonprofit health care plan, the bill requires that the recommended legislation be submitted to the Joint Standing Committee on Insurance and Financial Services by December 1, 2007. The bill authorizes the Joint Standing Committee on Insurance and Financial Services to submit legislation to the Second Regular Session of the 123rd Legislature. The bill directs that the board present a plan of operation for the nonprofit health care plan pursuant to the Maine Revised Statutes, Title 24, chapter 19 to the Superintendent of Insurance by March 1, 2008. Finally, the bill requires that the nonprofit health care plan begin offering coverage by October 1, 2008.

### **LD 1203 An Act To Amend the Laws Respecting Assignments for the Benefit of Creditors**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HOBBS	ONTP	

LD 1203 was carried over from the First Regular Session by joint order, H. P. 1369. The bill is a concept draft pursuant to Joint Rule 208. The bill seeks to clearly set forth the laws governing assignments for the benefit of creditors so that this process for gathering and distributing assets is more accessible and reliable for use in appropriate circumstances to benefit both creditors and debtors.