

MAINE STATE LEGISLATURE

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STATE OF MAINE
123RD LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills and adopted amendments and laws enacted or finally passed during the First Regular Session of the 123rd Maine Legislature coming from the

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

July 2007

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STATE OF MAINE

123RD LEGISLATURE

FIRST REGULAR SESSION

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 First Regular Session of the 123rd Maine Legislature, which was in session from December 6, 2006 to June 21, 2007.

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:

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 (or Accepted ONTP report).....	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.....	Bill held by Governor
VETO SUSTAINED.....	Legislature failed to override Governor's Veto

Please note that the effective date for non-emergency legislation enacted in the First Regular Session is **September 20, 2007**. The effective date for legislation enacted as an emergency measure is specified in the enacted law summary for those bills.

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provided by the property and casualty insurance company as confidential and not subject to public disclosure.

Public Law 2007, chapter 281 also provides immunity to a qualified actuary for damages to persons other than the Superintendent of Insurance or a property and casualty insurance company for any act, error, omission, decision or conduct with respect to the actuary's opinion, except in cases of fraud, willful misconduct or reckless disregard.

LD 1269 *Resolve, To Study the Feasibility of Pine Tree Health Care Insurance Zones* **ONTP**

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

LD 1269 requires the Department of Professional and Financial Regulation, Bureau of Insurance to study the feasibility of pine tree health care insurance zones, which would address the problems of higher health care insurance rates in rural areas and less coverage in rural areas, and submit its study and any legislation it determines necessary to the Second Regular Session of the 123rd Legislature no later than December 5, 2007.

LD 1287 *An Act To Assist Maine Pharmacies* **ONTP**

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

LD 1287 establishes "the Prescription Drug Practices Act." The bill requires all pharmacy benefits managers operating in the State to acquire a valid certificate of authority to be issued by the Department of Professional and Financial Regulation, Bureau of Insurance. The bill also establishes compliance and disclosure requirements for pharmacy benefits managers and prohibits certain practices by pharmacy benefits managers.

LD 1294 *An Act To Establish a Health Care Bill of Rights* **CARRIED OVER**

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

LD 1294 makes the following changes to the laws regulating individual and small group health plans.

1. It increases the time period for advance notice of rate increases and rate changes to policyholders.
2. It requires the Department of Professional and Financial Regulation, Bureau of Insurance to hold public hearings when a rate increase is proposed.
3. It requires the Department of Professional and Financial Regulation, Bureau of Insurance to contract with an independent hearing officer to conduct rate hearings and to appoint an advocacy panel in those proceedings to represent the interests of consumers and the public.
4. It clarifies that all rate filings and information and documentation used to support the filings are public records and may be disclosed to the public.
5. It changes the standard of review that rates not be excessive to the standard that rates be reasonable and

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necessary.

6. It requires that rates not be approved unless certain standards are met and supported by evidence in the record.
7. It requires that carriers provide demonstrable proof and quantify the amount of any recovery of the savings offset payment through negotiations with health care providers as part of rate filings.
8. It increases the minimum loss ratios for individual and small group health plans and requires carriers to refund to policyholders the difference between the required loss ratio and the achieved loss ratio in instances when the carrier does not meet the minimum standards.
9. It repeals the exclusivity provision regarding an enrollee's right to sue under the Maine Revised Statutes, Title 24-A, chapter 56-A.

Committee Amendment "A" (H-512)

This amendment is the minority report of the committee and replaces the bill. The amendment does the following.

1. It retains the provision of the bill that increases the time period for advance notice of rate increases and rate changes to policyholders from 60 to 90 days.
2. It requires that individual and small group rates be filed and approved by the Superintendent of Insurance.
3. It authorizes the Attorney General to request that a hearing be held for an individual or small group rate filing. If a hearing is held, the Attorney General is authorized to contract for actuarial consultants, with the costs of the consultants up to \$50,000 paid by the insurer. If the Attorney General or another party has not intervened, the amendment requires the Bureau of Insurance to appoint an advocacy panel to represent consumers in a rate hearing, with the costs of the panel to be paid by the insurer.
4. It clarifies that all rate filings and information and documentation used to support the filings, except for information relating to contracts between an insurer and a 3rd party, are public records and may be disclosed to the public.
5. It retains the provision of the bill that changes the standard of review that rates not be excessive to the standard that rates be reasonable and necessary.
6. It retains the provision of the bill that requires that rates not be approved unless certain standards are met and supported by evidence in the record.
7. It requires the Bureau of Insurance to develop consumer publications using the Office of the Public Advocate's Ratewatcher publication as a model and directs that a link to the Bureau of Insurance be added to the office's website.
8. It adds an appropriations and allocations section to reflect the costs to the Bureau of Insurance associated with the amendment.
9. It corrects cross-references to repealed law.

Committee Amendment "A" was not adopted.

LD 1294 was carried over by joint order, H.P. 1369, to the next special or regular session of the 123rd Legislature.