

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
123<sup>RD</sup> LEGISLATURE  
FIRST REGULAR SESSION



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

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

July 2007

**STAFF:**

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

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# STATE OF MAINE

123<sup>RD</sup> 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 123<sup>rd</sup> 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.

# *Joint Standing Committee on Insurance and Financial Services*

Part A corrects a redundancy made by prior revisions to the rate-making law.

Part B amends the rate-filing law to require the Department of Professional and Financial Regulation, Bureau of Insurance to act on electronic filings within 30 days.

Part C makes a variety of changes to the cancellation statutes. It amends the definition of "renewal" in the casualty insurance laws by adding language concerning affiliates that the Legislature added to the property insurance law in 2005. It adds to the laws governing cancellation of commercial policies covering physical damage the Maine Automobile Insurance Cancellation Control Act's requirement that the loss payee receive notice of cancellation or nonrenewal. It amends the Maine Automobile Insurance Cancellation Control Act to correct a typographical error in the definition of "policy" and to improve clarity by moving affiliate language from the statute governing cancellation to the statute governing notice of intent not to renew.

Part C also corrects technical errors in the property insurance law. It also amends laws governing property insurance cancellation control to be consistent in excepting policies that have been in effect for less than 90 days, to add to personal policies the requirement that a mortgagee receive notice of cancellation, to move a provision concerning affiliate renewal from the statute governing delivery of cancellation notice to the statute governing notice of intention not to renew.

## **Enacted Law Summary**

Public Law 2007, chapter 188 makes the following changes to clarify and update the laws related to property and casualty insurance.

1. The law corrects a redundancy made by prior revisions to the rate-making law.
2. The law amends the rate-filing law to require the Department of Professional and Financial Regulation, Bureau of Insurance to act on electronic filings within 30 days.
3. The law makes a variety of changes to the cancellation statutes. It amends the definition of "renewal" in the casualty insurance laws by adding language concerning affiliates that the Legislature added to the property insurance law in 2005. It adds to the laws governing cancellation of commercial policies covering physical damage the Maine Automobile Insurance Cancellation Control Act's requirement that the loss payee receive notice of cancellation or nonrenewal. It amends the Maine Automobile Insurance Cancellation Control Act to correct a typographical error in the definition of "policy" and to improve clarity by moving affiliate language from the statute governing cancellation to the statute governing notice of intent not to renew.
4. The law also corrects technical errors in the property insurance law. It amends laws governing property insurance cancellation control to be consistent in excepting policies that have been in effect for less than 90 days, to add to personal policies the requirement that a mortgagee receive notice of cancellation, to move a provision concerning affiliate renewal from the statute governing delivery of cancellation notice to the statute governing notice of intention not to renew.

**LD 1503**

## **An Act To Clarify and Update the Laws Related to Health Insurance**

**PUBLIC 199  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRAUTIGAM	OTP-AM	H-234

LD 1503 makes the following changes to clarify and update the laws related to health insurance.

Part A amends various provisions of law concerning health insurance in order to comply with final federal rules

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

published in December 2004 to clarify the federal Health Insurance Portability and Accountability Act of 1996. It also provides that a waiting period in a small group health plan includes a period between the time a substantially complete application is filed and the time the coverage takes effect.

Part B requires that second level appeals of health insurance claims be completed within 30 days when the insured has not requested the opportunity to appear in person before authorized representatives of the health carrier. It also clarifies that provisions of the health plan improvement laws applying to carriers offering health plans apply to carriers renewing health plans even if the plans are no longer sold.

Part C amends the list of exceptions to the law concerning guaranteed renewal of individual health insurance to include withdrawal from the market.

Part D amends the law concerning continuity of health insurance to clarify that it applies to blanket coverage.

Part E clarifies that a life and health insurer can be licensed to issue health maintenance organization contracts.

Part F clarifies the law requiring notice of group health termination.

Part G clarifies the law regarding permissible limitations on coverage of preexisting conditions in specified disease policies.

### **Committee Amendment "A" (H-234)**

This amendment clarifies the law relating to participation requirements at renewal of a policy to make it consistent with the law relating to participation requirements at the time a policy is issued. The amendment extends for 2 years the provision allowing financial incentives under Bureau of Insurance Rule Chapter 850. The amendment also corrects grammatical and punctuation errors.

### **Enacted Law Summary**

Public Law 2007, chapter 199 makes the following changes to clarify and update the laws related to health insurance.

The law amends various provisions of law concerning health insurance in order to comply with final federal rules published in December 2004 to clarify the federal Health Insurance Portability and Accountability Act of 1996. It also provides that a waiting period in a small group health plan includes a period between the time a substantially complete application is filed and the time the coverage takes effect.

The law requires that second level appeals of health insurance claims be completed within 30 days when the insured has not requested the opportunity to appear in person before authorized representatives of the health carrier. It also clarifies that provisions of the health plan improvement laws applying to carriers offering health plans apply to carriers renewing health plans even if the plans are no longer sold.

The law extends for 2 years the provision allowing managed care plans containing financial incentives for enrollees to use designated providers under Bureau of Insurance Rule Chapter 850.

The law amends the list of exceptions to the guaranteed renewal of individual health insurance to include withdrawal from the market. It also clarifies the law relating to participation requirements at renewal of a policy to make it consistent with the law relating to participation requirements at the time a policy is issued.

The law amends the statutory provision concerning continuity of health insurance to clarify that it applies to blanket coverage.

The law clarifies that a life and health insurer can be licensed to issue health maintenance organization contracts.

# Joint Standing Committee on Insurance and Financial Services

The law clarifies the statutory provision requiring notice of group health termination.

The law clarifies the statutory provision regarding permissible limitations on coverage of preexisting conditions in specified disease policies.

Public Law 2007, chapter 199 was enacted as an emergency measure effective May 31, 2007.

## LD 1514 An Act To Require Health Insurance Coverage for Hearing Aids

PUBLIC 452

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM MAJ ONTP MIN	S-265 S-371 ROTUNDO

LD 1514 requires health insurance policies, contracts and certificates to provide coverage for hearing aids for persons under 21 years of age whose hearing loss has been documented by a physician or licensed audiologist. The provisions of this bill apply to all policies, contracts and certificates issued or renewed on or after January 1, 2008.

### Committee Amendment "A" (S-265)

This amendment replaces the bill. The amendment requires health insurance policies, contracts and certificates to provide coverage for hearing aids for persons 18 years of age and under. The amendment allows insurance policies to limit coverage to \$1,400 per hearing aid every 36 months. The bill would have required coverage for hearing aids for persons under 21 years of age without limits on the amount of coverage.

The amendment also adds an appropriations and allocations section to the bill.

### Senate Amendment "A" (S-371)

This amendment makes changes to Committee Amendment "A" to require health insurance policies, contracts and certificates issued or renewed on or after January 1, 2008 to provide coverage for hearing aids for persons from birth to 5 years of age, beginning January 1, 2008; for persons from 6 to 13 years of age, beginning January 1, 2009; and for persons from 14 to 18 years of age, beginning January 1, 2010.

The amendment also replaces the appropriations and allocations section to reflect the changes in required funding as a result of the amendment.

### Enacted Law Summary

Public Law 2007, chapter 452 requires health insurance policies, contracts and certificates to provide coverage for hearing aids for persons from birth to 5 years of age, beginning January 1, 2008; for persons from 6 to 13 years of age, beginning January 1, 2009; and for persons from 14 to 18 years of age, beginning January 1, 2010. The law allows health insurance policies to limit coverage to \$1,400 per hearing aid every 36 months.

## LD 1517 An Act To Allow Maine Consumers To Purchase Health Insurance from Out-of-State Insurers

ACCEPTED ONTP  
REPORT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SMITH D	ONTP MAJ OTP-AM MIN	