

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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only on amounts actually retained by the consumer.

4. It permits semiannual compounding of interest and prohibits the compounding of interest for any lesser period of time.
5. It prohibits the use of mandatory arbitration clauses in contracts.
6. It establishes enforcement provisions based on those now applied to consumer creditors and lenders.
7. It requires an annual report to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters on the status of legal funding in this State. As part of the first annual report submitted by March 1, 2009, the Director of the Office of Consumer Credit Regulation within the Department of Professional and Financial Regulation is required to review and evaluate the annual percentage fees charged to consumers and assess whether a cap on the maximum annual percentage fee is necessary. The law authorizes the joint standing committee to submit legislation to implement a cap to the 124th Legislature.

LD 1715 An Act To Reduce the Cost of Health Insurance

ONTP

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

LD 1715 requires health insurers to offer for sale qualified high-deductible health plans that may be used in conjunction with a health savings account. The bill exempts these health plans from the community rating, guaranteed issuance and mandated benefit requirements otherwise applicable to certain individual and group health plans.

LD 1716 An Act To Ensure That DirigoChoice Is Affordable

ONTP

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

LD 1716 requires that Dirigo Health Program coverage meet certain standards for a comprehensive and affordable health benefit package. The bill also limits the amount of contributions required by enrollees in the Dirigo Health Program based on an enrollee's income.

LD 1742 An Act To Permit Greater Flexibility in the Design of Affordable Health Insurance

ONTP

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

LD 1742 makes the following changes to the laws governing health insurance.

1. It expands the community rating bands from 20% to 40% for premium rates filed with the Superintendent of Insurance on or after January 1, 2008.
2. It requires that the Bureau of Insurance revise Bureau of Insurance Rule, Chapter 750 defining minimum

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standards for mandated health plan offerings to reflect current market conditions and requires that the bureau review the rule and adopt changes to reflect market conditions at least once every 3 years.

3. It requires carriers that offer individual health plans to offer individual health plans utilizing preferred provider arrangements.
4. It changes the standard of review of benefit changes in individual health plans to be consistent with the standard of review for group health plans.
5. It repeals the requirement that all health plans meet certain access standards.

LD 1753 *An Act Regarding Health Insurance Coverage for Persons under the Influence of Alcohol or Narcotics*

PUBLIC 216

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP	S-113 SULLIVAN

LD 1753 repeals the provision in the Maine Insurance Code that allowed health insurers to insert a provision in a policy denying liability for loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic. This bill also corrects cross-references to the repealed provision.

Senate Amendment "A" (S-113)

This amendment replaces the bill. The amendment clarifies that a provision prohibiting an insurance policy from excluding coverage for losses sustained by a person under the influence of alcohol or narcotics only applies to health insurance policies.

Enacted Law Summary

Public Law 2007, chapter 216 prohibits insurers from inserting a provision in a health insurance policy denying liability for loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic.

LD 1760 *An Act To Restore Competition to Maine's Health Insurance Market*

CARRIED OVER

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

LD 1760 establishes a reinsurance high-risk pool for the individual health insurance market called the Maine Individual High-risk Reinsurance Pool, which is modeled on a similar reinsurance pool in the state of Idaho. The bill modifies the guaranteed issuance law to require all individual health insurance carriers to guarantee coverage under health plans approved by the Maine Individual High-risk Reinsurance Pool. The bill requires health maintenance organizations to pay an assessment of 2% of premiums to partially support the costs of the reinsurance pool. The remaining costs of the pool are funded through reinsurance premiums paid by participating carriers. The bill provides reimbursement to carriers for individuals insured through the high-risk reinsurance pool for 90% of claims between \$5,000 and \$25,000 and 100% of claims incurred over \$25,000.

The bill also expands the community rating bands in the individual health insurance market to allow a maximum rate differential from highest to lowest of 5 to 1 on the basis of age, occupation and industry or geographic area and a maximum rate differential from highest to lowest of 1.5 to 1 on the basis of health status or tobacco use.