

MAINE STATE LEGISLATURE

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STATE OF MAINE
123RD 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 123rd Maine
Legislature coming from the

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

May 2008

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STATE OF MAINE
123RD 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 123rd 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 & 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&S XXX</i>	<i>Chapter # of enacted Private & 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, 2008.¹ 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 123rd Legislature.

¹ 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

LD 1687 amends the definition of "eligible business" for the Dirigo Health Program to allow providers of long-term care services with more than 50 employees to participate in the DirigoChoice health insurance plan. The bill also allows uninsured direct care workers who work an average of 10 or more hours per week to participate in the DirigoChoice health insurance plan. The bill directs the Board of Directors of Dirigo Health to develop a marketing and outreach program to enroll those newly eligible direct care workers and to design a targeted DirigoChoice health coverage plan that allows multiple long-term care employers to contribute monthly premium assistance to direct care employees eligible to enroll in Dirigo as an individual. The bill limits the costs to Dirigo Health for subsidies to direct care workers in the targeted DirigoChoice plan to \$400,000.

The bill also requires the Department of Health and Human Services to establish a demonstration project for long-term care providers who provide health insurance coverage to their full-time and part-time employees. The bill requires the department to provide financial assistance to allow those providers to start or expand health care coverage for their direct care employees. The bill limits the funding of the demonstration project to no more than \$500,000.

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

**ACCEPTED ONTP
REPORT**

Sponsor(s)

PILON

Committee Report

ONTP MAJ
OTP-AM MIN

Amendments Adopted

LD 1760 was carried over from the First Regular Session by joint order, H.P. 1369, after being recommitted before adjournment sine die of the First Regular Session.

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.

Committee Amendment "A" (H-667)

This amendment is the minority report of the committee. The amendment clarifies that assessments collected to support the Maine Individual High-risk Reinsurance Pool Association are first deposited in a dedicated fund administered by the Superintendent of Insurance and then transferred to the association. The amendment also clarifies the timing of the transfers to the association. The amendment removes 2 Legislators from the board of the association and adds 2 additional members appointed by insurers. The amendment also changes dates in the bill to reflect the timeline based on enactment of the bill during the Second Regular Session of the 123rd Legislature.

Committee Amendment "A" was not adopted.

House Amendment "A" (H-977)

This amendment accomplishes the following.

Joint Standing Committee on Insurance and Financial Services

1. It changes the funding mechanism for the Maine Individual High-risk Reinsurance Pool Association established in the bill from a 2% assessment on gross direct premiums of health maintenance organizations to a maximum assessment of \$2 per person covered under health insurance policies.
2. Under the bill, a carrier is permitted to vary the premium rate due to the geographic area of the individual. This amendment prohibits a carrier from varying the premium rate due to geographic area. In addition, unlike the bill, which set out different maximum rate differentials for the different allowable variance factors, this amendment provides that the premium rate may not deviate above or below the community rate filed by the carrier by more than 40%.
3. This amendment changes the definition of "dependent" for purposes of the Maine Individual High-risk Reinsurance Pool Association to correspond with the definition of "dependent child" as used in the law governing health insurance contracts.
4. Committee Amendment "A" provides that a carrier that offered individual health plans prior to January 1, 2009 may close its individual book of business sold prior to January 1, 2009 and may establish a separate community rate for individuals applying for coverage under an individual health plan after January 1, 2009. This amendment changes those dates to January 1, 2010.
5. This amendment amends the provision concerning reimbursement of insurers to change the applicable dates to January 1, 2010.

House Amendment "A" to Committee Amendment "A" was not adopted.

LD 2066 An Act To Clarify the Laws Governing the Extension of Health Care Coverage to Dependents

PUBLIC 514

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BARSTOW	OTP-AM	H-710

Public Law 2007, chapter 115 enacted last session requires that, if an insurer provides coverage for dependents, the insurer must offer to extend such coverage until the dependent is 25 years of age. LD 2066 clarifies that law so that it is not necessary for the dependent to be currently insured by that insurer for that insurer to offer coverage until the dependent is 25 years of age. In addition, the bill amends the definition of "dependent child" to eliminate the requirement that the child is not provided coverage under any other individual or group health insurance policy or health maintenance organization contract or under a federal or state government program. LD 2066 also requires insurers to provide notice of the availability of coverage until the dependent is 25 years of age. Finally, the bill requires insurers to hold a special open enrollment period during which a covered individual may elect to enroll a dependent child.

Committee Amendment "A" (H-710)

This amendment replaces the bill. As in the bill, the amendment clarifies that it is not necessary that the dependent be currently insured by that insurer for that insurer to be required to offer coverage until the dependent is 25 years of age. The amendment also includes the change in the bill that amends the definition of "dependent child" to eliminate the requirement that the child is not provided coverage under any other individual or group health insurance policy or health maintenance organization contract or under a federal or state government program.

The amendment also requires insurers to provide notice of the availability of extended coverage for dependents upon renewal or at least once annually. This notice requirement is repealed on January 1, 2012. Finally, the amendment eliminates the section in the bill that would have required insurers to hold a special open enrollment period.