

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.

Joint Standing Committee on Insurance and Financial Services

6. The amendment removes the provisions in the committee amendment that impose a 1% assessment on carriers and increase the hospital tax by 1% to fund the Dirigo Health Program. This amendment increases the tax on cigarettes by 75¢ and equalizes the rate of tax on all other tobacco products. The amendment requires that all of the revenues from the tax increases be credited to the Dirigo Health Enterprise Fund to support the Dirigo Health Program.

7. The amendment removes the provision in the committee amendment establishing a voluntary checkoff on individual income tax returns for contributions to the Dirigo Health Enterprise Fund.

Senate Amendment "A" to Committee Amendment "C" was not adopted.

LD 1890 was still in possession of the House upon adjournment sine die.

LD 1894 An Act To Ensure Affordable Health Care for Maine Families through Shared Responsibilities

ONTP

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

LD 1894 is a concept draft pursuant to Joint Rule 208. The bill proposes to expand health care coverage through the Dirigo Health Program based on the principle of shared responsibility.

The major components of the bill include the following.

1. Employer contribution. The bill requires that employers pay an assessment based on the employer's taxable payroll. Before making such payment, the employer may credit against the payment any sums paid by the employer toward employee nonpayroll benefits. Small employers, employers in financial hardship and employers in business for less than 2 years may be exempted from the employer contribution. The assessment must be used solely for the purpose of expanding access to health care through the Dirigo Health Program.

2. Insurance carrier contribution. The bill requires each insurance carrier to achieve a minimum loss ratio, to be specified in this bill, across all its products. This minimum loss ratio must be calculated at the end of each calendar year and must reflect the aggregate of all health insurance products sold in Maine by that carrier. Any insurance carrier that does not achieve the minimum loss ratio must be assessed an amount equal to 1/2 of the difference between the carrier's actual loss ratio and the minimum loss ratio. The carrier may not pass through any portion of the assessment to individual policyholders or providers. This assessment must be used to provide reinsurance to reduce premiums in the nongroup health insurance market and in the DirigoChoice product.

3. Hospital contribution. Under this bill, each hospital licensed to operate as a charity in the State must provide an amount of free charity care, to be determined in this bill. Any hospital that does not provide free care in the statutorily determined amount will be assessed an amount equal to the difference between the statutorily determined amount and the value of the free care actually provided by the hospital. The charity hospital may not pass this payment on to patients, providers or carriers. Any charity hospital in financial hardship may apply to the Department of Health and Human Services for a waiver of the assessment. A hospital is not in financial hardship if its most recent yearly operating margin exceeds a threshold to be determined in this bill, or if its unrestricted financial assets exceed a percentage of its net operating revenue to be determined in this bill. The assessment will be used solely for the purposes of expanding access to health care through the Dirigo Health Program.

Joint Standing Committee on Insurance and Financial Services

4. Individual contribution. The bill requires that persons earning above a statutorily determined income threshold ensure that they and their dependents are covered by a comprehensive health insurance policy by January 1, 2008, except that for a person under 30 years of age, a qualifying health insurance policy is any policy approved by the Department of Professional and Financial Regulation, Bureau of Insurance. A person who does not maintain a qualifying health insurance policy for at least 10 months during the year may not be credited with the standard individual exemption in that person's next Maine income tax filing. Maine Revenue Services will transfer the value of any increased tax collections as a result of this provision to the Dirigo Health Program.

5. Application of assessments. The bill requires that funding from the employer, hospital and individual contribution sources be applied to achieve the goal of expanding access to health care by opening Dirigo Health up to 60,000 members by 2010.

6. Cost containment. The bill establishes a cost containment commission, which is charged with the responsibility and authority of achieving savings of 2% in the cost of health care in the State.

7. Rulemaking. The bill authorizes Dirigo Health, the Bureau of Insurance, Maine Revenue Services or other authority established pursuant to this legislation to undertake rulemaking to enforce the provisions of this bill.