

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
124<sup>TH</sup> LEGISLATURE  
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed during the First Regular Session of the 124<sup>th</sup> Maine Legislature coming from the

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

July 2009

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# STATE OF MAINE

124<sup>TH</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 124<sup>th</sup> 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:

CARRIED OVER.....	Carried over to a subsequent session of the Legislature
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; bill died
ONTP (or Accepted ONTP report).....	Ought Not To Pass report accepted; bill died
P&S XXX.....	Chapter # of enacted Private & Special Law
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

The effective date for non-emergency legislation enacted in the First Regular Session of the 124<sup>th</sup> Legislature is September 12, 2009. 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*

notice to the tenant by certified mail, return receipt requested, or by notifying the tenant in person. A mortgagor who fails to provide this notice shall provide one month's rent to the tenant at no cost to the tenant. A mortgagee or any other person may not evict a tenant until 30 days after the completion of the foreclosure proceedings.

While LD 1144 was voted "Ought Not to Pass", a related substantive provision requiring notice of foreclosure judgments to tenants was incorporated into LD 1418, An Act to Preserve Home Ownership and Stabilize the Economy by Preventing Unnecessary Foreclosures. See LD 1418, which was enacted as Public Law 2009, chapter 402.

### **LD 1180**    **An Act To Clarify and Update the Laws Related to Life and Health Insurance**

**PUBLIC 244  
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT	OTP-AM	H-288

This bill protects those who switch from one Medicare supplement plan to another from losing protection against medical underwriting or preexisting condition exclusions if during a past period they were covered under a Medicare Advantage plan rather than traditional Medicare with a Medicare supplement plan.

This bill expands the current law regarding notice to parents regarding coverage of dependent children to apply to adult children as well as minors, as long as the adult child consents. It also makes the requirement applicable to health maintenance organizations.

This bill repeals the provisions for special rate hearings on individual, small group, and Medicare supplement insurance. These provisions provide for shifting the burden of proof as to whether rates are excessive from the insurer to the Department of Professional and Financial Regulation, Bureau of Insurance or other party asserting they are excessive if certain conditions are met. Under the bill, the burden of proof remains with the insurer. This bill amends and strengthens the law prohibiting discrimination in insurance based on genetic information. The amendments conform state law to the federal Genetic Information Nondiscrimination Act of 2008.

This bill amends the State's continuity of coverage law with respect to group health insurance to conform to the federal Health Insurance Portability and Accountability Act of 1996. The current law waives medical underwriting and preexisting condition exclusions only to the extent that benefits would have been payable under a prior contract or policy. As amended, medical underwriting and preexisting condition exclusions in group health insurance policies are waived entirely in most cases as long as there was some prior coverage. This bill also specifies, consistent with the federal Health Insurance Portability and Accountability Act of 1996, that when a group policy is replaced by another group policy, the "look-back" period for preexisting exclusions is measured from the date of enrollment in the first policy. In addition, this bill adds a provision to the Maine Insurance Code to require compliance with the federal Children's Health Insurance Program Reauthorization Act of 2009, Section 311.

This bill clarifies the applicability of individual and small group rating laws to group health insurance policies issued to associations and other groups. Coverage of employees of small employers, including those covered through employee leasing companies, is subject to small group rating laws. Coverage of individuals not covered through employment is subject to individual rating laws.

This bill clarifies that rates for individual health insurance and certain small group health insurance are subject to approval by the Superintendent of Insurance. Current law provides for disapproval of rates but does not explicitly refer to approval of rates.

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

This bill clarifies that the period of time after which interest is payable on an individual life insurance claim is 2 months.

This bill clarifies that the Standard Nonforfeiture Law for Individual Deferred Annuities applies to certain group annuities.

### **Committee Amendment "A" (H-288)**

This amendment clarifies the description of a type of policy excluded from a state law requiring compliance with the federal Children's Health Insurance Program Reauthorization Act of 2009. The amendment provides for a 2nd election period for persons eligible for federal Consolidated Omnibus Reconciliation Act of 1985 coverage under state law. The amendment combines changes made to the Maine Revised Statutes, Title 24-A, section 2736, subsection 1 by Part C and Part G of the bill to avoid a conflict. The amendment also adds an emergency preamble and emergency clause to the bill.

### **Enacted Law Summary**

Public Law 2009, chapter 244 makes the following changes to clarify and update the Maine Insurance Code related to life and health insurance.

1. The law protects those who switch from one Medicare supplement plan to another from losing protection against medical underwriting or preexisting condition exclusions if during a past period they were covered under a Medicare Advantage plan rather than traditional Medicare with a Medicare supplement plan.
2. The law expands the current law regarding notice to parents regarding coverage of dependent children to apply to adult children as well as minors, as long as the adult child consents. It also makes the requirement applicable to health maintenance organizations.
3. The law repeals the provisions for special rate hearings on individual, small group, and Medicare supplement insurance. These provisions provide for shifting the burden of proof as to whether rates are excessive from the insurer to the Department of Professional and Financial Regulation, Bureau of Insurance or other party asserting they are excessive if certain conditions are met. Under the law, the burden of proof remains with the insurer.
4. The law amends and strengthens the law prohibiting discrimination in insurance based on genetic information. The changes conform state law to the federal Genetic Information Nondiscrimination Act of 2008.
5. The law amends the State's continuity of coverage law with respect to group health insurance to conform to the federal Health Insurance Portability and Accountability Act of 1996. The current law waives medical underwriting and preexisting condition exclusions only to the extent that benefits would have been payable under a prior contract or policy. As amended, medical underwriting and preexisting condition exclusions in group health insurance policies are waived entirely in most cases as long as there was some prior coverage. This law also specifies, consistent with the federal Health Insurance Portability and Accountability Act of 1996, that when a group policy is replaced by another group policy, the "look-back" period for preexisting exclusions is measured from the date of enrollment in the first policy. In addition, this law adds a provision to the Maine Insurance Code to require compliance with the federal Children's Health Insurance Program Reauthorization Act of 2009, Section 311.
6. The law clarifies the applicability of individual and small group rating laws to group health insurance policies issued to associations and other groups. Coverage of employees of small employers, including those covered through employee leasing companies, is subject to small group rating laws. Coverage of individuals not covered through employment is subject to individual rating laws.
7. The law clarifies that rates for individual health insurance and certain small group health insurance are subject to approval by the Superintendent of Insurance. Current law provides for disapproval of rates but does not explicitly refer to approval of rates.

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

8. The law clarifies that the period of time after which interest is payable on an individual life insurance claim is 2 months.
9. The law clarifies that the Standard Nonforfeiture Law for Individual Deferred Annuities applies to certain group annuities.
10. The law provides for a 2nd election period for persons eligible for federal Consolidated Omnibus Reconciliation Act of 1985 coverage under state law.

Public Law 2009, chapter 244 was enacted as an emergency measure effective June 3, 2009.

**LD 1194      An Act To Establish a Reinsurance Mechanism To Expand Health Insurance for Individuals and Groups**

**ONTP**

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

This bill repeals the Maine Individual Reinsurance Association enacted as part of Public Law 2007, chapter 629 because the funding source for the association was repealed by people's veto in November 2008. The bill establishes the Health Insurance Individual and Small Group Reinsurance Fund to provide reimbursement of certain high-cost claims for persons covered under individual and small group health plans. The fund would reimburse carriers for 90% of claims paid between \$25,000 and \$75,000 for each enrollee covered by the carrier on a calendar year basis.

**LD 1198      An Act To Reform Insurance Coverage To Include Diagnosis for Autism Spectrum Disorders**

**Carried Over**

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

This bill requires group health insurance policies, contracts and certificates covering fewer than 50 members to provide coverage for the diagnosis and treatment of autism spectrum disorders for persons 21 years of age and under. Initially, coverage is subject to a maximum annual benefit of \$36,000 per year; beginning January 1, 2011, the maximum benefit must be adjusted annually for inflation using the medical care component of the United States Department of Labor Consumer Price Index. The provisions of this bill apply to group policies, contracts and certificates issued or renewed on or after January 1, 2010.

LD 1198 has been carried over to the next special or regular session of the 124th Legislature pursuant to joint order, H.P. 1053.