

# 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**

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# STATE OF MAINE

124<sup>TH</sup> LEGISLATURE  
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## 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

**LD 1205**

**An Act To Establish a Health Care Bill of Rights**

**PUBLIC 439**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT BOWMAN	OTP-AM MAJ ONTP MIN	H-446 S-332 BOWMAN

This bill does the following.

1. Part A requires carriers to provide notice to policyholders when a policy has been reinstated and the premium paid following a cancellation notice for nonpayment of premium. It requires carriers to provide notice to plan enrollees regarding any exclusions or limits of coverage for childhood immunizations. Part A also requires carriers to post at least 5 individual and 5 small group health plans on its publicly accessible website for comparison purposes and sets minimum standards for explanation of benefits documents used by carriers.
2. Part B establishes standards for provider profiling programs used by carriers.
3. Part C requires carriers and health maintenance organizations to include certain information about product offerings in the annual report supplement to the Department of Professional and Financial Regulation, Bureau of Insurance.
4. Part D extends the notice period for carriers to notify policyholders of proposed rate increases. It also permits the Attorney General to request a rate hearing regarding proposed rate increases for individual health plans.
5. Part E increases the minimum loss ratio for individual and small group health plans to 85%. Part E also requires health maintenance organizations to disclose loss information upon request from contract holders in the same manner as insurance companies. Part E also authorizes the Superintendent of Insurance to adopt rules requiring small group health carriers to offer standardized small group health plans.
6. Part F requires the Superintendent of Insurance to undertake market conduct exams of health insurance companies no less frequently than once every 3 years, beginning in 2010.
7. Part G requires a carrier replacing a previous carrier to honor any prior authorizations for prescription drugs for an enrollee undergoing a course of treatment until the replacement carrier conducts a review of that prior authorization with the enrollee's prescribing provider.

### **Committee Amendment "A" (H-446)**

This amendment is the majority report of the committee and does the following.

1. It amends Part A to require the Superintendent of Insurance, when making rules, to take into consideration national standards and to give the superintendent authority to define standard policy terms by rulemaking. It provides a one-time allocation to cover the costs of rulemaking.
2. It amends Part B to establish standards for provider profiling programs used by carriers for out-of-network providers.
3. It removes Part C, which requires carriers and health maintenance organizations to include certain information about product offerings in the annual report supplement to the Department of Professional and Financial Regulation,

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

Bureau of Insurance.

4. Part C in this amendment permits the Attorney General to request a rate hearing regarding proposed rate increases for individual health plans. It removes the provisions in the bill that extended the notice period for carriers to notify policyholders of proposed rate increases.
5. Part D in this amendment requires a benefits-incurred-to-premiums-earned loss ratio of 78% for one year or 80% over a 3-year average in the small group insurance market. Part D authorizes the Superintendent of Insurance to adopt rules requiring small group health carriers to offer standardized small group health plans. Part D also authorizes the superintendent to study the impact of increases in the loss ratio in the individual market and the consideration of losses in all health insurance markets as part of rate filings.
6. Part D in this amendment clarifies that all rate filings and supporting information filed by carriers are public records except for certain health information protected by state or federal law and information related to the terms and conditions and reimbursement provisions contained in contracts between carriers and third parties.
7. Part E in this amendment requires the Superintendent of Insurance to undertake market conduct examinations of health insurance companies no less frequently than once every 5 years, beginning in 2010. Part E requires all health insurance carriers to be examined at least once by 2015.
8. Part F in this amendment requires a carrier replacing a previous carrier to honor any prior authorizations for prescription drugs for an enrollee undergoing a course of treatment until the replacement carrier conducts a review of that prior authorization with the enrollee's prescribing provider.

LD 1205, as amended, was reviewed by the Joint Standing Committee on Judiciary pursuant to Title 1, Maine Revised Statutes, section 434, which requires review and evaluation of new exceptions to laws governing public records.

### **Senate Amendment "B" To Committee Amendment "A" (S-332)**

This amendment makes the following changes.

1. It removes the requirement that carriers provide written notice of reinstatement of a group policy following a cancellation notice for nonpayment of premium. In place of the written notice requirement, this amendment requires carriers to provide a toll-free telephone number that certificate holders can call to determine if the policy has been cancelled or reinstated after payment of the premium.
2. It removes requirements of the bill that the Superintendent of Insurance establish additional requirements for explanation of benefits forms through rulemaking.
3. It removes the provisions that increase the minimum loss ratio for small group health plans.
4. It limits the requirement that a carrier replacing a previous carrier honor any prior authorizations for prescription drugs to a period not to exceed 6 months.
5. It corrects a conflict involving the section concerning the subject of the filing of rate information created by Public Law 2009, chapters 14 and 244 by incorporating the changes made in those laws with the changes proposed in Committee Amendment "A."

### **Senate Amendment "A" To Committee Amendment "A" (S-313)**

This amendment strikes that portion of Committee Amendment "A" that requires a benefits incurred to premiums earned loss ratio of 78% for one year or 80% over a 3-year average in the small group insurance market. This amendment also strikes language from Committee Amendment "A" that specifically exempts from the definition of

# Joint Standing Committee on Insurance and Financial Services

"public records" information in filings that is protected health information required to be kept confidential by state or federal statute and descriptions of certain information in contracts between insurers and 3rd parties.

Senate Amendment "A" was not adopted.

## Enacted Law Summary

Public Law 2009, chapter 439 does the following.

1. Part A requires carriers to provide a toll-free telephone number that certificate holders can call to determine if the policy has been cancelled or reinstated after payment of the premium. It requires carriers to provide notice to plan enrollees regarding any exclusions or limits of coverage for childhood immunizations. Part A also requires carriers to post at least 5 individual and 5 small group health plans on its publicly accessible website for comparison purposes and sets minimum standards for explanation of benefits documents used by carriers.
2. Part B establishes standards for provider profiling programs used by carriers.
3. Part C permits the Attorney General to request a rate hearing regarding proposed rate increases for individual health plans.
4. Parts C and D clarify that all rate filings and supporting information filed by carriers are public records except for certain health information protected by state or federal law and information related to the terms and conditions and reimbursement provisions contained in contracts between carriers and third parties.
5. Part D authorizes the Superintendent of Insurance to adopt rules requiring small group health carriers to offer standardized small group health plans. Part D also authorizes the superintendent to study the impact of increases in the loss ratio in the individual market and the consideration of losses in all health insurance markets as part of rate filings.
6. Part E requires the Superintendent of Insurance to undertake market conduct examinations of health insurance companies no less frequently than once every 5 years, beginning in 2010. Part E requires all health insurance carriers to be examined at least once by 2015.
7. Part F requires a carrier replacing a previous carrier to honor any prior authorizations for prescription drugs for an enrollee undergoing a course of treatment until the replacement carrier conducts a review of that prior authorization with the enrollee's prescribing provider. It limits the requirement that a carrier replacing a previous carrier honor any prior authorizations for prescription drugs to a period not to exceed 6 months.

**LD 1206     An Act To Fund the Dirigo Health Program through a High-risk Pool**

**ACCEPTED ONTP  
REPORT**

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

Part A allows a maximum rate differential for individual health plans on the basis of age, occupation or industry and geographic area of 4:1 and a maximum rate differential on the basis of health status of 1.5:1.

Part A eliminates the Maine Individual Reinsurance Association which lacks funding due to the repeal by people's veto of portions of Public Law 2007, chapter 629, and establishes the Comprehensive Health Insurance Risk Pool