

MAINE STATE LEGISLATURE

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STATE OF MAINE
125TH LEGISLATURE
FIRST REGULAR SESSION



Summaries of bills, adopted amendments and laws enacted or finally passed

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

July 2011

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LEGISLATIVE DIGEST OF BILL SUMMARIES AND
ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* summarizes all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 125th Maine Legislature.

The *Digest* is arranged alphabetically by committee and within each committee by Legislative Document (LD) number. The committee report(s), prime sponsor and lead co-sponsor(s), if designated, are listed below each LD 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 LD is noted to the right of the LD title. The following describes the various final actions.

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; legislation died
DIED BETWEEN HOUSES..... House & Senate disagreed; legislation died
DIED IN CONCURRENCE..... defeated in each house, but on different motions; legislation died
DIED ON ADJOURNMENT..... action incomplete when session ended; legislation died
EMERGENCY..... enacted law takes effect sooner than 90 days after session adjournment
FAILED, EMERGENCY ENACTMENT or FINAL PASSAGE emergency failed to receive required 2/3 vote
FAILED, ENACTMENT or FINAL PASSAGE..... failed to receive final majority vote
FAILED, MANDATE ENACTMENT legislation proposing local mandate failed required 2/3 vote
HELD BY GOVERNOR..... Governor has not signed; final disposition to be determined at subsequent session
LEAVE TO WITHDRAW..... sponsor's request to withdraw legislation granted
NOT PROPERLY BEFORE THE BODY..... ruled out of order by the presiding officer; legislation died
INDEF PP..... indefinitely postponed; legislation died
ONTP, ACCEPTED, MAJORITY, MINORITY or REPORT X... ought-not-to-pass report accepted; legislation died
P&S XXX..... chapter # of enacted private & special law
PUBLIC XXX..... chapter # of enacted public Law
RESOLVE XXX..... chapter # of finally passed resolve
VETO SUSTAINED..... Legislature failed to override Governor's veto

The effective date for non-emergency legislation enacted in the First Regular Session of the 125th Legislature is September 28, 2011. The effective date for legislation enacted as an emergency measure may be found in the enacted law summary for that legislation.

Joint Standing Committee on Insurance and Financial Services

financial contracts by insurers who have been placed in rehabilitation or liquidation. This bill also adds two related definitions from the model act to that chapter.

House Amendment "A" (H-128)

This amendment corrects one cross-reference and adds another.

Enacted Law Summary

Public Law 2011, chapter 107 conforms the chapter in the Maine Insurance Code regarding delinquent insurers to Section 711 of the National Association of Insurance Commissioners Insurer Receivership Model Act regarding netting of qualified financial contracts by insurers who have been placed in rehabilitation or liquidation.

LD 1301 An Act To Amend the Laws Governing Security Deposits of Workers' Compensation Self-insurers

PUBLIC 180

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

This bill specifies that an employer that is a self-insurer of workers' compensation benefits may deposit cash, satisfying securities, irrevocable standby letters of credit issued by qualified financial institutions or a surety bond with the Superintendent of Insurance, rather than the Workers' Compensation Board as in current law, in partial fulfillment of the requirements for self-insurers. It also allows the Superintendent of Insurance to maintain possession of irrevocable standby letters of credit issued by qualified financial institutions and surety bonds.

Enacted Law Summary

Public Law 2011, chapter 180 specifies that an employer that is a self-insurer of workers' compensation benefits may deposit cash, satisfying securities, irrevocable standby letters of credit issued by qualified financial institutions or a surety bond with the Superintendent of Insurance, rather than the Workers' Compensation Board as in current law, in partial fulfillment of the requirements for self-insurers. The law also allows the Superintendent of Insurance to maintain possession of irrevocable standby letters of credit issued by qualified financial institutions and surety bonds.

LD 1326 An Act To Allow School Administrative Units To Seek Less Expensive Health Insurance Alternatives

PUBLIC 395

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SARTY WHITTEMORE	OTP-AM MAJ OTP-AM MIN	H-429

This bill allows school administrative units to offer group self-insurance health and dental programs and to enter into cooperative agreements with other school administrative units or municipalities to provide such programs.

The bill provides that school administrative units may arrange for and offer a choice of optional health or dental insurance plans to employees and their families that may vary in benefits provided and costs.

The bill also requires insurers, health maintenance organizations and nonprofit hospital or medical service organizations to provide information concerning a school administrative unit's own experience and claims history as

Joint Standing Committee on Insurance and Financial Services

a member covered under a group policy or contract to that school administrative unit at that unit's own request and to a municipality that is part of the school administrative unit if the municipality so requests.

Committee Amendment "A" (H-429)

This amendment is the majority report of the committee. The amendment clarifies that any group self-insurance program for health benefits established by a school administrative unit with other school administrative units or municipalities through an interlocal agreement must be approved as a multiple-employer welfare arrangement pursuant to the Maine Revised Statutes, Title 24-A, chapter 81. The amendment also removes provisions of the bill relating to the release of loss information and replaces them with a provision that allows an individual school administrative unit to request from its insurer loss information on its employees pursuant to the Maine Insurance Code as part of the competitive bidding process in procuring health insurance for the unit's employees and requires the insurer to release that loss information.

Committee Amendment "B" (H-430)

This amendment is the minority report of the committee and replaces the bill. The amendment allows an individual school administrative unit to request from its insurer loss information related to all employees and retirees and their dependents covered under the insurer's policy issued to school administrative units on a statewide basis.

Committee Amendment "B" was not adopted.

Enacted Law Summary

Public Law 2011, chapter 395 allows school administrative units to offer group self-insurance health and dental programs and to enter into cooperative agreements with other school administrative units or municipalities to provide such programs. The law provides that school administrative units may arrange for and offer a choice of optional health or dental insurance plans to employees and their families that may vary in benefits provided and costs.

Public Law 2011, chapter 395 also allows an individual school administrative unit to request from its insurer loss information on its employees pursuant to the Maine Insurance Code as part of the competitive bidding process in procuring health insurance for the unit's employees and requires the insurer to release that loss information.

LD 1333 An Act To Modify Rating Practices for Individual and Small Group Health Plans and To Encourage Value-based Purchasing of Health Care Services

PUBLIC 90

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON W	OTP-AM MAJ ONTP MIN	H-186 S-96 DIAMOND S-99 SCHNEIDER

This bill gradually modifies the community rating provisions for individual and small group health plans. It expands in three increments the rating bands from the current ratio of 1.5:1 to 3:1 by January 1, 2014.

The bill allows health insurance carriers to provide financial incentives to members for health care services except for emergency care services. The bill maintains the requirement that health plans must provide reasonable access to services for all members. It allows plans to provide financial incentives to members to reward providers for quality and efficiency. A carrier must submit annual data to the Superintendent of Insurance showing the impact of such financial incentives on premiums paid by enrollees, payments made to providers, quality of care received and access