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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STAFF:
COLLEEN MCCARTHY REID, LEGISLATIVE ANALYST
OFFICE OF POLICY AND LEGAL ANALYSIS
13 STATE HOUSE STATION
AUGUSTA, ME 04333
(207) 287-1670

STATE OF MAINE

125TH LEGISLATURE

FIRST REGULAR SESSION

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.

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**

Sponsor(s)	Committee Report	Amendments Adopted
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

to health care services by individuals enrolled in health plans.

Committee Amendment "A" (H-186)

This amendment is the majority report of the committee and replaces the bill.

Part A makes the following changes to the community rating laws for individual and small group health insurance:

1. It changes the maximum rate differential for individual health plans on the basis of age from 1.5:1 to 5:1. The changes in rating for individual health plans are phased in over a period of four years;

2. It changes the maximum rate differential for small group health plans on the basis of age from 1.5:1 to 5:1. The changes in rating for small group health plans are phased in over a period of four years;

3. It authorizes a maximum rate differential on the basis of smoking status from 1.5:1; and

4. It allows rating on the basis of geographic area outside of the rating bands for age.

Part B modifies the laws relating to guaranteed issuance in the individual health insurance market to permit carriers to reinsure coverage offered to certain individuals identified using a health statement. Carriers are prohibited from using health status for any other purpose. Part B also creates the Maine Guaranteed Access Reinsurance Association. The purpose of the association is to provide reinsurance to spread the cost of certain individuals among all health insurers. The amendment funds the guaranteed access reinsurance through an assessment on insurers.

Part C permits insurers authorized to transact individual health insurance in Connecticut, Massachusetts, New Hampshire or Rhode Island to offer their individual health plans for sale in this State if certain requirements of Maine law are met, including minimum capital and surplus and reserve requirements, disclosure and reporting requirements and grievance procedures. If out-of-state health plans are offered for sale in this State, the amendment requires that prospective enrollees be provided adequate disclosure in a format approved by the Superintendent of Insurance of how the plans differ from Maine health plans. Part C also permits domestic insurers or licensed health maintenance organizations to offer individual health plans of a parent or corporate affiliate licensed to transact individual health insurance in Connecticut, Massachusetts, New Hampshire or Rhode Island if similar requirements are met. It also permits domestic insurers and licensed health maintenance organizations to offer plans equivalent to any plans offered by a regional insurer. Individual health insurance policies, contracts and certificates may not be offered for sale in this State pursuant to these provisions before January 1, 2014.

Part D adopts the definition of medical loss ratio in federal law and the minimum medical loss ratio requirements of federal law. Part D also allows individual health insurance rates to be filed for informational purposes without prior approval by the Department of Professional and Financial Regulation, Bureau of Insurance if the insurer maintains a minimum 80% medical loss ratio.

Part E repeals the State Health Plan and the Advisory Council on Health Systems Development.

Part F repeals the geographic access standards. Part F repeals the authorization for the Superintendent of Insurance to establish standardized individual health plans by rule. Part F also permits insurers offering group health insurance to notify affected policyholders of a rate increase electronically as well as by mail. Part F clarifies that preauthorizations are not benefit modifications requiring prior approval of the Bureau of Insurance and authorizes health maintenance organizations to offer deductibles in excess of $1,000. Part F also clarifies that participation in the individual market is voluntary by removing the requirement that health maintenance organizations offering group coverage also offer individual coverage.

Part G authorizes the renewal of short-term health insurance policies for a period not to exceed 24 months instead of the current 12 months.

Part H provides a tax credit to employers of 20 or fewer employees for the expense of developing, instituting and maintaining wellness programs for their employees in the amount of $100 per employee, up to a maximum of $2,000. A wellness program includes programs for behavior modification, such as smoking cessation programs, equipping and maintaining an exercise facility and providing incentive awards to employees who exercise regularly.

Part I amends the chapter of the Maine Insurance Code governing captive insurance companies. The amendment clarifies that, in the event of any conflict between the provisions of other state insurance laws and the provisions of the laws governing captive insurance companies, the provisions of the captive insurance company laws control, except that a captive insurance company insuring health risks may not provide individual health insurance and, if it insures health risks of employers, a captive insurance company must comply with the same requirements of community rating, guaranteed issuance and renewal and mandated benefit laws applicable to small group health insurers. Part I permits an association captive insurance company to require its members to be jointly and severally liable for its health insurance obligations and to meet financial obligations and wellness criteria established in a plan of operation and provides solvency standards applicable to such captives. The amendment would require the Superintendent of Insurance to issue a license to an association captive insuring health risks for an association captive insurance company that requires its members to be jointly and severally liable and has an aggregate net worth of more than $100,000,000 and meets the requirements of the captive insurance law. Part I also specifies that rules related to captive insurance companies are major substantive rules.

Part J corrects cross-references and deletes references in statute to the Governor's Office of Health Policy and Finance, originally established in 2003 by executive order.

Part K adds an appropriations and allocations section.

House Amendment "A" To Committee Amendment "A" (H-191)

This amendment makes the following changes to Committee Amendment "A."

1. It changes the maximum rate differential for individual health plans on the basis of age and geographic area from 1.5:1 to 3:1 effective January 1, 2014. The committee amendment expands the rating bands to 5:1 over a period of four years.

2. It changes the maximum rate differential for small group health plans on the basis of age, geographic area and occupation and industry from 1.5:1 to 3:1 effective January 1, 2014.

3. It includes rating on the basis of geographic area inside of the rating bands for age instead of allowing rating outside of the bands.

The changes made to community rating by this amendment take effect only if the health insurance exchange established by the federal Patient Protection and Affordable Care Act is fully operational and subsidies are available.

The amendment specifies that three of the members of the Board of Directors of the Maine Guaranteed Access Reinsurance Association must represent consumer advocacy organizations in the field of health policy and reduces the insurer members from five to four. The amendment also requires the Superintendent of Insurance to determine the assessment amount paid by insurers to fund the association after an actuarial study through rules adopted no later than January 1, 2012. The amendment designates the rules as major substantive.

The amendment removes Part E of the committee amendment, which repeals the State Health Plan and the Advisory Council on Health Systems Development.

The amendment also changes cross-references to reflect the changes made by this amendment to Committee Amendment "A."

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

Senate Amendment "C" To Committee Amendment "A" (S-83)

Committee Amendment "A" repeals the requirement that standards adopted by rule ensure geographical and transportational access to health care providers. This amendment eliminates the repeal.

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

Senate Amendment "A" To Committee Amendment "A" (S-81)

This amendment restores the State Health Plan and the Advisory Council on Health Systems Development, which are being repealed in Committee Amendment "A," and corrects cross-references to reflect these changes.

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

Senate Amendment "D" To Committee Amendment "A" (S-84)

This amendment eliminates authorization for the Maine Guaranteed Access Reinsurance Association to impose a health assessment on insurers and eliminates the authorization for the association to borrow funds.

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

Senate Amendment "G" To Committee Amendment "A" (S-92)

Committee Amendment "A" changes the laws governing community rating for individual and small group health insurance as they relate to age, smoking status and geographic area. This amendment eliminates the changes relating to geographic area, thus including rating on the basis of geographic area inside of the rating bands for age instead of allowing rating outside of the bands.

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

Senate Amendment "E" To Committee Amendment "A" (S-85)

This amendment permits insurers and health maintenance organizations authorized to transact individual health insurance in Vermont to offer their individual health plans for sale in this State if certain requirements of Maine law are met. It also permits domestic insurers and licensed health maintenance organizations to offer individual health plans of a parent or corporate affiliate licensed to transact individual health insurance in Vermont if similar requirements are met.

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

Senate Amendment "B" To Committee Amendment "A" (S-82)

This amendment makes the following changes to Committee Amendment "A."

1. It changes the maximum rate differential for individual health plans on the basis of age and geographic area from 1.5:1 to 3:1 effective January 1, 2014. The committee amendment expands the rating bands to 5:1 over a period of four years.

2. It changes the maximum rate differential for small group health plans on the basis of age, geographic area and occupation and industry from 1.5:1 to 3:1 effective January 1, 2014.

3. It includes rating on the basis of geographic area inside of the rating bands for age instead of allowing rating outside of the bands.

The changes made to community rating by this amendment take effect only if the health insurance exchange established by the federal Patient Protection and Affordable Care Act is fully operational and subsidies are available.

The amendment specifies that three of the members of the Board of Directors of the Maine Guaranteed Access Reinsurance Association must represent consumer advocacy organizations in the field of health policy and reduces the insurer members from five to four. The amendment also requires the Superintendent of Insurance to determine the assessment amount paid by insurers to fund the association after an actuarial study through rules adopted no later than January 1, 2012. The amendment designates the rules as major substantive.

The amendment removes Part E of the committee amendment, which repeals the State Health Plan and the Advisory Council on Health Systems Development.

The amendment also changes cross-references to reflect the changes made by this amendment to Committee Amendment "A."

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

Senate Amendment "F" To Committee Amendment "A" (S-91)

This amendment incorporates the substance of Senate Amendment "B" to Committee Amendment "A" (S-82), which makes the following changes to Committee Amendment "A."

1. It changes the maximum rate differential for individual health plans on the basis of age and geographic area from 1.5:1 to 3:1 effective January 1, 2014. The committee amendment expands the rating bands to 5:1 over a period of four years.

2. It changes the maximum rate differential for small group health plans on the basis of age, geographic area and occupation and industry from 1.5:1 to 3:1 effective January 1, 2014.

3. It includes rating on the basis of geographic area inside of the rating bands for age instead of allowing rating outside of the bands. The changes made to community rating by this amendment take effect only if the health insurance exchange established by the federal Patient Protection and Affordable Care Act is fully operational and subsidies are available.

4. It specifies that three of the members of the Board of Directors of the Maine Guaranteed Access Reinsurance Association must represent consumer advocacy organizations in the field of health policy and reduces the insurer members from five to four. The amendment also requires the Superintendent of Insurance to determine the assessment amount paid by insurers to fund the association after an actuarial study through rules adopted no later than January 1, 2012. The amendment designates the rules as major substantive.

5. It removes Part E of the committee amendment, which repeals the State Health Plan and the Advisory Council on Health Systems Development.

6. It changes cross-references to reflect the changes made by this amendment to Committee Amendment "A." This amendment also removes those sections in Part F of the committee amendment that repeal geographic access standards.

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

Senate Amendment "H" To Committee Amendment "A" (S-96)

This amendment makes changes to Committee Amendment "A" as follows.

1. The amendment restricts rating in the individual and small group market on the basis of geographic area using

language previously enacted to a rating factor of 1.5 instead of allowing rating on the basis of geographic area outside of the age rating band.

2. The amendment clarifies that the expansion of the rating bands in the individual and small group market to four to one and five to one is allowed to the extent permitted by the federal Patient Protection and Affordable Care Act.

3. The amendment clarifies that carriers offering managed care plans may provide incentives to members to use designated providers based on cost or quality, but may not require members to use designated providers of health care services.

4. The amendment makes technical changes and corrections.

Senate Amendment "I" To Committee Amendment "A" (S-99)

This amendment caps the additional assessment to cover net losses by the reinsurance pool at $2 per month per covered person enrolled in medical insurance.

Senate Amendment "J" To Committee Amendment "A" (S-100)

This amendment specifies that a member may not be required to travel more than 60 miles for specialty care or 30 miles for primary care.

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

House Amendment "F" To Committee Amendment "A" (H-235)

The amendment incorporates the substance of Senate Amendment "H" to Committee Amendment "A" (S-96), except that this amendment retains current law pertaining to geographic access standards.

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

House Amendment "D" To Committee Amendment "A" (H-232)

Committee Amendment "A" creates the Maine Guaranteed Access Reinsurance Association, which is authorized to assess each insurer an amount not to exceed $4 per month per enrollee, and an unspecified additional amount to cover net losses. This amendment eliminates the association's authority to impose the health assessment. In addition, this amendment eliminates the authorization for the association to borrow funds.

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

House Amendment "B" To Committee Amendment "A" (H-230)

This amendment makes the following changes to Committee Amendment "A."

1. It specifies that three of the members of the Board of Directors of the Maine Guaranteed Access Reinsurance Association must represent consumer advocacy organizations in the field of health policy and reduces the insurer members from five to four.

2. It removes Part E of the committee amendment, which repeals the State Health Plan and the Advisory Council on Health Systems Development.

3. It also changes cross-references to reflect the changes made by this amendment to Committee Amendment "A."

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

House Amendment "C" To Committee Amendment "A" (H-231)

This amendment specifies that three of the members of the Board of Directors of the Maine Guaranteed Access Reinsurance Association must represent consumer advocacy organizations in the field of health policy and reduces the insurer members from five to four.

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

House Amendment "G" To Committee Amendment "A" (H-236)

Committee Amendment "A" changes the laws governing community rating for individual and small group health insurance as they relate to age, smoking status and geographic area. This amendment eliminates the changes relating to geographic area, thus including rating on the basis of geographic area inside of the rating bands for age instead of allowing rating outside of the bands. This amendment further restricts rating on the basis of geographic area within the bands to a factor of 1.5.

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

House Amendment "E" To Committee Amendment "A" (H-234)

This amendment permits insurers and health maintenance organizations authorized to transact individual health insurance in Vermont to offer their individual health plans for sale in this State if certain requirements of Maine law are met. It also permits domestic insurers and licensed health maintenance organizations to offer individual health plans of a parent or corporate affiliate licensed to transact individual health insurance in Vermont if similar requirements are met.

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

House Amendment "H" To Committee Amendment "A" (H-240)

This amendment makes the following changes to Committee Amendment "A."

It includes rating on the basis of geographic area inside of the rating bands for age instead of allowing rating outside of the bands and limits rating on the basis of geographic area to a rating factor of 1.5.

The amendment specifies that three of the members of the Board of Directors of the Maine Guaranteed Access Reinsurance Association must represent consumer advocacy organizations in the field of health policy and reduces the insurer members from five to four. The amendment also requires the Superintendent of Insurance to determine the assessment amount paid by insurers to fund the association after an actuarial study through rules adopted no later than January 1, 2012. The amendment designates the rules as major substantive.

The amendment requires the Maine Guaranteed Access Reinsurance Association to provide subsidies for individuals to mitigate the impact of premium increases resulting from an expansion of the rating bands based on age and geographic area until subsidies are made available through the federal Affordable Care Act on or after January 1, 2014.

The amendment removes Part E of the committee amendment, which repeals the State Health Plan and the Advisory Council on Health Systems Development.

The amendment also changes cross-references to reflect the changes made by this amendment to Committee Amendment "A."

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

Enacted Law Summary

Part A of Public Law 2011, chapter 90 makes the following changes to the community rating laws for

individual health plans beginning July 1, 2012 and for small group health plans beginning October 1, 2011.

1. It changes the maximum rate differential for individual health plans on the basis of age from 1.5:1 to 5:1. The changes in rating for individual health plans are phased-in over a period of four years. On July 1, 2012, the rating band expands from 1.5:1 to 3:1. To the extent permitted by the federal Affordable Care Act, the rating bands expand to 4:1 on January 1, 2014 and to 5:1 on January 1, 2015.

2. It changes the maximum rate differential for small group health plans on the basis of age and occupation or industry from 1.5:1 to 5:1. The changes in rating for small group health plans are phased-in over a period of five years. The rating band expands from 1.5:1 to 2:1 on October 1, 2011; from 2:1 to 2.5:1 on January 1, 2013; and from 2.5:1 to 3:1on January 1, 2014. To the extent permitted by the federal Affordable Care Act, the rating bands expand to four to one on January 1, 2015 and to five to one on January 1, 2016.

3. It authorizes a maximum rate differential on the basis of smoking status, or tobacco use, from 1.5:1 for both individual and small group health plans.

4. It allows rating on the basis of geographic area outside of the rating bands for age for both individual and small group health plans, but prohibits carriers from using a rating factor for geographic area that exceeds 1.5.

5. It allows carriers to close their book of business and establish a separate community rate for individuals and small groups applying for coverage after the expanded rating bands take effect.

Part B modifies the laws relating to guaranteed issuance in the individual health insurance market to permit carriers to reinsure coverage under individual health plans. The law maintains the guaranteed issuance requirement for individual health plans. Part B creates the Maine Guaranteed Access Reinsurance Association for the purpose of providing reinsurance to spread the cost of certain individuals among all health insurers. The Maine Guaranteed Access Reinsurance Association is a nonprofit legal entity governed by an 11-member board of directors. For individual health plans issued on or after July 1, 2012, carriers may evaluate the health status of an individual only for the purposes of designating that individual for reinsurance using a health statement developed by the Maine Guaranteed Access Reinsurance Association. Carriers are required to pay premiums to the association for those individuals designated for reinsurance. Under the law, the association must reimburse carriers for claims of a person designated for reinsurance once the claims for that person exceed $7,500 in a calendar year. The association is required to reimburse the carrier for 90% of the next $25,000 in claims and for 100% of the claims that exceed $32,500 in a calendar year. In addition to the premiums paid for reinsurance by carriers offering individual health plans, the association is funded through an assessment paid by all insurers that have issued or administered medical insurance in the State within the previous 12 months or are actively marketing or administering medical insurance in the State. The association shall assess insurers in an amount not to exceed $4 per month per covered person enrolled in medical insurance, except that an insurer may not be assessed on policies or contracts covering federal or state employees. The law authorizes the association to charge an additional assessment to cover net losses of the association but limits that additional assessment to no more than $2 per month per covered person. Part B of the law also authorizes an insurer that sold individual health plans to covered persons between December 1, 1993 and July 1, 2012 to seek reimbursement for claims paid on a calendar year basis after July 1, 2012 for those covered persons if the insurer is able to determine through the use of a health statement or claims history that the person would have been designated by the insurer for reinsurance.

Part C permits insurers and health maintenance organizations authorized to transact individual health insurance in Connecticut, Massachusetts, New Hampshire or Rhode Island to offer their individual health plans for sale in this State if certain requirements of State law are met, including minimum capital and surplus and reserve requirements, disclosure and reporting requirements and grievance procedures. Prior to offering health plans

for sale in this State, the law requires insurers to obtain a certification from the Superintendent of Insurance that the insurer or health maintenance organization meets these requirements. If regional health plans are offered for sale in this State, the law requires that prospective enrollees be provided adequate disclosure in a format approved by the Superintendent of Insurance of how the plans differ from Maine health plans. Part C also permits domestic insurers or licensed health maintenance organizations to offer individual health plans of a parent or corporate affiliate licensed to transaction individual health insurance in Connecticut, Massachusetts, New Hampshire or Rhode Island if similar requirements are met. It also permits domestic insurers and licensed health maintenance organizations to offer plans equivalent to any plans offered by a regional insurer. Individual health insurance policies, contracts and certificates may not be offered for sale in this State by a regional insurer before January 1, 2014.

Part D adopts the definition of medical loss ratio in federal law and the minimum medical loss ratio requirements of federal law. Under the law, the minimum medical loss ratio for the large group market is 85% and the minimum medical loss ratio is 80% for the small group and individual market, except that the loss ratio in the individual market may be lower pursuant to a waiver from the federal Department of Health and Human Services in accordance with the federal Affordable Care Act. The law requires carriers to provide rebates in the large group, small group and individual market to the extent required by the federal Affordable Care Act if the carrier's medical loss ratio is less than the minimum medical loss ratio for that market. Part D also allows individual health insurance rates to be filed for informational purposes without prior approval by the Bureau of Insurance if the insurer meets the minimum 80% medical loss ratio standard unless rate review is required pursuant to the federal Affordable Care Act.

Part E repeals the State Health Plan and the Advisory Council on Health Systems Development. Part E also deletes all references in statute to the Governor's Office of Health Policy and Finance, originally established in 2003 by executive order.

Part F repeals the requirement that carriers provide reasonable access to health care services through its health plans in accordance with rules adopted by the Bureau of Insurance that establish geographic access standards. In its place, the law requires carriers offering managed care plans to provide its members reasonable access to health care services. The law allows carriers to provide incentives to members to use designated providers of health care services, but prohibits carriers from requiring members to use designated providers. The law repeals the provisions in current law allowing carriers and multiple-employer welfare arrangements to seek approval for a pilot program that would be exempt from the geographic access standards. Part F repeals the authorization for the Superintendent of Insurance to establish standardized individual health plans by rule. Part F also permits insurers offering group health insurance to notify affected policyholders of a rate increase electronically as well as by mail. Part F clarifies that pre-authorizations are not benefit modifications requiring prior approval of the Bureau of Insurance and authorizes health maintenance organizations to offer deductibles in excess of $1000.

Part G authorizes the issuance and renewal of short-term health insurance policies for a combined term not to exceed 24 months.

Part H provides a tax credit to employers of 20 or fewer employees for the expense of developing, instituting and maintaining wellness programs for their employees in the amount of $100 per employee, up to a maximum of $2,000. A wellness program includes programs for behavior modification, such as smoking cessation programs, equipping and maintaining an exercise facility and providing incentive awards to employees who exercise regularly. The tax credit applies to tax years beginning on or after January 1, 2014.

Part I amends the chapter of the Maine Insurance Code governing captive insurance companies. The law clarifies that, in the event of any conflict between the provisions of other state insurance laws and the provisions

of the laws governing captive insurance companies, the provisions of the captive insurance company laws control, except that a captive insurance company insuring health risks may not provide individual health insurance and, if it insures health risks of employers, a captive insurance company must comply with the same requirements of community rating, guaranteed issuance and renewal and mandated benefit laws applicable to small group health insurers. Part I permits an association captive insurance company to require its members to be jointly and severally liable for its health insurance obligations and to meet financial obligations and wellness criteria established in a plan of operation and provides solvency standards applicable to such captives. The law requires the Superintendent to issue a license to an association captive insuring health risks for an association captive insurance company that requires its members to be jointly and severally liable and has an aggregate net worth of more than $100,000,000 and meets the requirements of the captive insurance law. Part I also designates that rules related to captive insurance companies are major substantive rules.

Part J corrects cross-references in the statutes as a result of the repeal of the State Health Plan, Advisory Council on Health Systems Development and the Governor's Office of Health Policy and Finance.

LD 1338 **An Act To Amend the Maine Consumer Credit Code To Conform with Federal Law** **PUBLIC 427**

Sponsor(s)	Committee Report	Amendments Adopted
WHITTEMORE	OTP-AM	S-311

This bill incorporates consumer protections found in federal law and regulation, including restrictions on credit card lending found in the federal Credit Card Accountability Responsibility and Disclosure Act of 2009 and the implementing provisions of federal Regulation Z, 12 Code of Federal Regulations, Section 226.1 et seq., adopted by reference in Truth-in-Lending; Maine's Regulation Z-2. It also amends the Maine Consumer Credit Code's truth-in-lending provisions based on authority granted by the federal Dodd-Frank Wall Street Reform and Consumer Protection Act. The bill amends sections of the Maine Consumer Credit Code relating to the registration of loan officers, since those provisions have been supplanted by new statutes governing the licensing of mortgage loan originators.

Committee Amendment "A" (S-311)

This amendment does the following.

The amendment replaces Part A of the bill. The amendment repeals Article 8 of the Maine Consumer Credit Code and enacts Article 8-A, which requires creditors to comply with federal truth-in-lending laws and regulations. The amendment also retains provisions in current state law that provide more protection for consumers than federal law and makes those provisions applicable only to nondepository lenders. The retained provisions are not applicable to state-chartered financial institutions and credit unions and the Maine State Housing Authority.

The amendment adds to Part B of the bill a definition of "mortgage loan originator" and permits adjustments in the licensing process for nonbank supervised lenders and loan brokers to allow regulators to continue to adopt the nationwide mortgage licensing system program for those entities.

The amendment adds Part C to the bill to require the Department of Professional and Financial Regulation, Bureau of Consumer Credit Protection to facilitate meetings and other communications among interested parties to evaluate and determine the ways in which the State's foreclosure prevention outreach and housing counseling program may be streamlined and made more efficient.

The amendment also adds Part D to the bill to correct cross-references.