

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
125<sup>TH</sup> 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 125<sup>th</sup> 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 125<sup>th</sup> 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*

amendment. The amendment prohibits unfair or deceptive acts and practices in connection with the marketing, sale, offering for sale, issuance, making, proposing to make or administration or solicitation of a service contract and clarifies the enforcement authority of the Superintendent of Insurance with regard to violations. The amendment also makes changes to conform to the provisions of the National Association of Insurance Commissioners Service Contracts Model Act.

### **Enacted Law Summary**

Public Law 2011, chapter 345 creates a statutory framework within which service contracts are defined and regulated by the Superintendent of Insurance within the Maine Revised Statutes, Title 24-A. The law provides that service contracts are not insurance and are not subject to the insurance laws, but prohibits the sale of service contracts in the State unless a service contract provider or administrator registers with the Superintendent of Insurance and meets certain statutory requirements. The law prohibits unfair or deceptive acts and practices in connection with the marketing, sale, offering for sale, issuance, making, proposing to make or administration or solicitation of a service contract and clarifies the enforcement authority of the Superintendent of Insurance with regard to violations. The law also makes changes to conform to the provisions of the National Association of Insurance Commissioners Service Contracts Model Act.

**LD 1551**

### **An Act To Clarify and Update the Laws Related to Health Insurance, Insurance Producer Licensing and Surplus Lines Insurance**

**PUBLIC 238**

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

This bill makes the following changes to the laws governing insurance.

It provides protection to enrollees from balance billing by participating providers in all managed care plans.

It clarifies that a policy meeting both the definition of a group health policy and the description of a blanket policy is a group policy.

It clarifies that rates for blanket health policies must be filed for informational purposes.

It clarifies that short-term health insurance policies are not subject to guaranteed issue, guaranteed renewal or community rating.

It amends the definition of "federally creditable coverage" to eliminate a syntax problem that created an ambiguity.

It amends the guaranteed renewability laws to clarify that when a carrier ceases offering an individual or small group product, policyholders, and in some cases certificate holders, are offered the opportunity to purchase any other product the carrier offers to that market.

It corrects a cross-reference.

It eliminates the independent producer authority for resident and nonresident insurance producers.

### **Enacted Law Summary**

Public Law 2011, chapter 238 makes the following changes to the laws related to health insurance.

1. It clarifies that enrollees may not be subject to balance billing by participating providers in all managed care

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plans offered by health insurers.

2. It clarifies that a policy meeting both the definition of a group health policy and the description of a blanket policy is a group health policy and clarifies that rates for blanket health policies must be filed for informational purposes.
3. It clarifies that short-term health insurance policies are not subject to guaranteed issue, guaranteed renewal or community rating provisions.
4. It amends the definition of "federally creditable coverage" to eliminate a syntax problem that created an ambiguity.
5. It amends the guaranteed renewability laws to clarify that when a carrier ceases offering an individual or small group product, policyholders, and in some cases certificate holders, are offered the opportunity to purchase any other product the carrier offers to that market.
6. It corrects a cross-reference.

Public Law 2011, chapter 238 also eliminates the independent producer authority for resident and nonresident insurance producers.

**LD 1554     An Act To Implement the Requirements of the Federal Patient Protection and Affordable Care Act**

**PUBLIC 364**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON W	OTP-AM	H-545

This bill amends the state health insurance laws to incorporate changes to implement the requirements of the federal Patient Protection and Affordable Care Act adopted in 2010.

**Committee Amendment "A" (H-545)**

This amendment replaces the bill and does the following.

1. It retains provisions in the bill that amend the health insurance laws to incorporate changes to implement the requirements of the federal Patient Protection and Affordable Care Act.
2. It removes the provisions in the bill that are inconsistent with changes made in Public Law 2011, chapter 90 related to rating for individual and small group health plans.
3. It removes the provisions in the bill that define "Affordable Care Act" and conform state law to federal law relating to minimum medical loss ratios as these provisions are included in Public Law 2011, chapter 90.
4. It makes technical changes and adds cross-references.
5. It requires the Department of Professional and Financial Regulation, Bureau of Insurance to submit its proposed transitional reinsurance program and risk adjustment program and information related to the federal risk corridors program to the Legislature for review no later than January 1, 2013.

**Enacted Law Summary**