

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
125<sup>TH</sup> LEGISLATURE  
SECOND REGULAR SESSION



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

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

June 2012

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# STATE OF MAINE

125<sup>TH</sup> LEGISLATURE  
SECOND 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 Second 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.

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

The effective date for non-emergency legislation enacted in the Second Regular Session of the 125<sup>th</sup> Legislature is Thursday, August 30, 2012. 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*

This bill extends the provisions of the law governing the Maine Guaranteed Access Reinsurance Association to insurers that offer small group health plans to groups of 10 or fewer members.

**Committee Amendment "A" (S-522)**

This amendment replaces the bill and changes the title. The amendment provides that, beginning October 1, 2012, the rating factor used by small group health insurance carriers for group size must be combined within the maximum rate differential due to age of 2.5 to 1. The combined rating band for age and group size would be increased to 3 to 1 on January 1, 2014 and, to the extent permitted by the federal Affordable Care Act, further increased each year by a factor of 1 up to a combined 5 to 1 rating band on January 1, 2016. Under current law, the rating factor for group size falls outside of the rating bands.

**Enacted Law Summary**

Public Law 2011, chapter 638 provides that, beginning October 1, 2012, the rating factor used by small group health insurance carriers for group size must be combined within the maximum rate differential due to age of 2.5 to 1. The combined rating band for age and group size would be increased to 3 to 1 on January 1, 2014 and, to the extent permitted by the federal Affordable Care Act, further increased each year by a factor of 1 up to a combined 5 to 1 rating band on January 1, 2016. Under current law, the rating factor for group size falls outside of the rating bands.

**LD 1682      An Act To Allow Employees of the Small Enterprise Growth Board To Participate in the State's Group Health Plan      PUBLIC 514 EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RECTOR	OTP-AM	S-393

This bill allows the employees of the Small Enterprise Growth Board to participate in the State's group health plan.

**Committee Amendment "A" (S-393)**

This amendment provides that employees of the Small Enterprise Growth Board are eligible to participate in the State's group health plan effective July 1, 2012.

**Enacted Law Summary**

Public Law 2011, chapter 514 allows employees of the Small Enterprise Growth Board to participate in the State's group health plan beginning July 1, 2012.

Public Law 2011, chapter 514 was enacted as an emergency measure effective March 16, 2012.

**LD 1691      An Act Related to Specialty Tiers in Prescription Medication Pricing      PUBLIC 611**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FITTS	OTP-AM MAJ ONTP MIN	H-813

This bill provides that a health plan covering prescription drugs may not require cost sharing, deductibles or coinsurance obligations for prescription drugs that exceed the dollar amount for nonpreferred brand drugs or for

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

brand drugs if there is no nonpreferred brand drug category.

**Committee Amendment "A" (H-813)**

This amendment replaces the bill and is the majority report of the committee. To the extent not inconsistent with the federal Affordable Care Act, the amendment requires health benefit plans that provide prescription drugs to provide a separate total limit for out-of-pocket expenses for prescription drugs provided under the health plan subject to coinsurance that does not exceed \$3,500 per year if the carrier does not include out-of-pocket expenses for prescription drugs subject to coinsurance under the health plan's total limit for out-of-pocket expenses for all benefits provided under the health plan. The amendment authorizes a carrier to adjust its limit for out-of-pocket expenses to minimize any premium increase that might otherwise result.

The amendment also adds an application clause so that the provisions apply to health insurance policies, contracts and certificates issued or renewed on or after January 1, 2013.

**Enacted Law Summary**

Public Law 2011, chapter 611 requires health benefit plans to provide a separate total limit for out-of-pocket expenses that does not exceed \$3,500 per year for prescription drugs provided under the health plan subject to coinsurance if the carrier does not include out-of-pocket expenses for prescription drugs subject to coinsurance under the health plan's total limit for out-of-pocket expenses for all benefits provided under the health plan. The law authorizes a carrier to adjust its limit for out-of-pocket expenses to minimize any premium increase that might otherwise result.

The law applies to health insurance policies, contracts and certificates issued or renewed on or after January 1, 2013.

**LD 1702 An Act To Correct Inconsistencies and Ambiguities in the Maine Guaranteed Access Reinsurance Association Act**

**PUBLIC 621**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON W	OTP-AM MAJ OTP-AM MIN	H-847

This bill makes technical corrections to address inconsistencies and ambiguities in the Maine Guaranteed Access Reinsurance Association Act.

1. It clarifies that the initial claim reimbursement period for the first year of the program is the calendar year, beginning January 1, 2012 and ending December 31, 2012. All claims must be incurred in the same calendar year for which reimbursement is sought.
2. It allows a member insurer to designate a person for reinsurance through the use of claims history, risk scores and other reasonable means, in addition to the use of a health statement. It also allows a member insurer to designate a person for reinsurance in the event the person omitted material information from the health statement or misrepresented the person's health status on the health statement.
3. It clarifies that a member insurer has the option of designating a person for reinsurance based upon the existence or history of a medical or health condition that is on a list developed by the board for this purpose.
4. It allows a member insurer to designate a person for reinsurance if the person changes policies or benefit levels or adds new members to a policy.
5. It clarifies that the law is not intended to limit the ability of a member insurer to designate a currently covered