

# MAINE STATE LEGISLATURE

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**STATE OF MAINE**  
126<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 2013

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# STATE OF MAINE

126<sup>TH</sup> LEGISLATURE

FIRST REGULAR SESSION



## LEGISLATIVE DIGEST OF BILL SUMMARIES AND ENACTED LAWS

This *Legislative Digest of Bill Summaries and Enacted Laws* contains summaries of all LDs and adopted amendments and all laws enacted or finally passed during the First Regular Session of the 126<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 126<sup>th</sup> Legislature is October 9, 2013. 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*

**LD 1453 An Act To Increase the Transparency of Charges and Expenses of Hospitals That Receive State Funding**

**ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GRATWICK CHAPMAN	ONTP	

Part A of this bill requires the Maine Health Data Organization to conduct an annual study of hospital financial data, to contract with an independent organization to analyze this data and to present the data and analysis in a format that is easily understood by the average consumer beginning in 2014. Part A also requires that the Department of Professional and Financial Regulation, Bureau of Insurance consider the analysis as part of the review process for health insurance rates.

Part B of the bill establishes the Commission to Study Transparency, Costs and Accountability of Health Care System Financing. The commission is comprised of 11 members appointed by the President of the Senate and Speaker of the House to evaluate current data reported by hospitals and health care facilities relating to charges, revenue and other financial data. The commission will make recommendations about how to standardize financial reporting about health care costs and the quality of health care services to enhance transparency to the public. The commission must also make recommendations to reduce health care costs, including the development of global budgets, accountable care organizations and other cost containment mechanisms.

In place of the bill, a majority of the committee introduced H.P. 1123, Joint Order Establishing the Commission to Study Transparency, Costs and Accountability of Health Care System Financing. H.P. 1123 was passed in the House and Senate.

**LD 1466 An Act To Amend the Law Governing Provider Contracts with Insurance Companies**

**PUBLIC 399**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODALL	OTP-AM	S-284

This bill places certain requirements on contracts for preferred provider arrangements, which are contracts between a health insurance carrier and a health care provider in which the provider agrees to provide services to a health plan enrollee whose plan benefits include incentives for the enrollee to use the services of that provider. This bill imposes requirements and restrictions on these contracts, including:

1. Requiring a carrier who offers the contract to a health care provider to include in the contract a fee schedule and to provide any policies or procedures referred to in the contract to the provider, upon request by the provider;
2. Requiring the approval of a provider, in writing, of an amendment to the contract that materially and adversely affects provider reimbursement, including, but not limited to, increased documentation, preauthorization or utilization review requirements;
3. Prohibiting a carrier from subjecting enrollees under health plans included in the contract to preauthorization requirements if the enrollee's health plan does not require prior authorization as a condition of coverage for the applicable service; and
4. Requiring the provisions of law regarding these contracts to be included in each contract.

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

### **Committee Amendment "A" (S-284)**

This amendment replaces the bill. The amendment places certain requirements on contracts for preferred provider arrangements, which are contracts between a health insurance carrier and a health care provider in which the provider agrees to provide services to a health plan enrollee whose plan benefits include incentives for the enrollee to use the services of that provider. The amendment imposes the following requirements and restrictions on these contracts.

1. It requires a carrier who offers the contract to a health care provider to include in the contract a fee schedule and to provide any policies or procedures referred to in the contract to the provider, upon request by the provider.
2. It requires the approval of a provider, in writing, of an amendment to the contract that materially differs from the terms of the provider's contract and of any provision that would permit the provider's existing contract to be superseded by a carrier's subsequent contract with a health plan payor.
3. It prohibits a carrier from requiring a provider, as a condition of participation in one of the carrier's preferred provider arrangements, to participate in any other carrier's network subsequently offered by the carrier or by a carrier's preferred provider arrangement.
4. It prohibits a carrier from subjecting providers under health plans included in the contract to preauthorization requirements if the enrollee's health plan does not require prior authorization as a condition of coverage.
5. It requires remittance advices that identify payment of a provider's claims under a carrier's contract to identify the administrator and payor of the provider's claims and include contact information.

The amendment provides that the requirements do not apply to dental or vision plans or to a carrier offering a health plan with respect to preferred provider arrangement contracts with a hospital or pharmacy.

### **Enacted Law Summary**

Public Law 2013, chapter 399 places certain requirements on contracts for preferred provider arrangements, which are contracts between a health insurance carrier and a health care provider in which the provider agrees to provide services to a health plan enrollee whose plan benefits include incentives for the enrollee to use the services of that provider. The law imposes the following requirements and restrictions on these contracts.

1. The law requires a carrier who offers the contract to a health care provider to include in the contract a fee schedule and to provide any policies or procedures referred to in the contract to the provider, upon request by the provider.
2. The law requires the approval of a provider, in writing, of an amendment to the contract that materially differs from the terms of the provider's contract and of any provision that would permit the provider's existing contract to be superseded by a carrier's subsequent contract with a health plan payor.
3. The law prohibits a carrier from requiring a provider, as a condition of participation in one of the carrier's preferred provider arrangements, to participate in any other carrier's network subsequently offered by the carrier or by a carrier's preferred provider arrangement.
4. The law prohibits a carrier from subjecting providers under health plans included in the contract to preauthorization requirements if the enrollee's health plan does not require prior authorization as a condition of coverage.
5. The law requires remittance advices that identify payment of a provider's claims under a carrier's contract to identify the administrator and payor of the provider's claims and include contact information.

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

The law specifies that the requirements do not apply to dental or vision plans or to a carrier offering a health plan with respect to preferred provider arrangement contracts with a hospital or pharmacy.

### **LD 1485     An Act Relating to Insurance Company Formation and Dissolution**

**PUBLIC 299**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FITZPATRICK	OTP-AM	H-282

The purpose of this bill is to address a number of matters relating to insurance company formations and dissolutions that have arisen in practice. The bill updates references to Maine domestic insurance company "certificates of organization" in the Maine Insurance Code to "articles of incorporation" for consistency with the Maine Business Corporation Act and current corporate parlance, leaving those references to certificates of organization where necessary for clarity with respect to existing insurers. The bill simplifies and reduces the number of filings that must be made by those either forming or dissolving Maine insurers. The bill clarifies the procedure for the Secretary of State, the Superintendent of Insurance and insurers to follow with respect to certificates of dissolution. The bill clarifies 2 statutes whose joint reading currently creates an ambiguity as to the minimum number of directors a newly formed Maine insurer must have.

#### **Committee Amendment "A" (H-282)**

This amendment clarifies that Maine insurance corporations are subject to the requirements of the Maine Revised Statutes, Title 13-C, the Maine Business Corporation Act.

#### **Enacted Law Summary**

Public Law 2013, chapter 299 makes changes to the laws relating to insurance company formations and dissolutions.

1. The law updates references to Maine domestic insurance company "certificates of organization" in the Maine Insurance Code to "articles of incorporation" for consistency with the Maine Business Corporation Act and current corporate parlance, leaving those references to certificates of organization where necessary for clarity with respect to existing insurers.
2. The law simplifies and reduces the number of filings that must be made by those either forming or dissolving Maine insurers.
3. The law clarifies the procedure for the Secretary of State, the Superintendent of Insurance and insurers to follow with respect to certificates of dissolution.
4. The law clarifies 2 statutes whose joint reading currently creates an ambiguity as to the minimum number of directors a newly formed Maine insurer must have.
5. The law clarifies that Maine insurance corporations are subject to the requirements of the Maine Revised Statutes, Title 13-C, The Maine Business Corporation Act.