



127th MAINE LEGISLATURE

SECOND REGULAR SESSION-2016

Legislative Document

No. 1517

H.P. 1042

House of Representatives, January 6, 2016

**An Act To Enable an Alternative Organizational Structure To
Purchase Group Health Insurance for Its Employees**

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative HUBBELL of Bar Harbor.
Cosponsored by Senator LANGLEY of Hancock.

1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not
2 become effective until 90 days after adjournment unless enacted as emergencies; and

3 **Whereas,** beginning in July 2017, under the federal Affordable Care Act, certain
4 school administrative units with fewer than 50 employees will no longer be eligible to
5 purchase insurance benefits through their current policy providers; and

6 **Whereas,** without this legislation, certain employment contracts that include these
7 benefits will have to be renegotiated and alternative organizational structures will be out
8 of compliance with their governing interlocal agreements and state law; and

9 **Whereas,** in the judgment of the Legislature, these facts create an emergency within
10 the meaning of the Constitution of Maine and require the following legislation as
11 immediately necessary for the preservation of the public peace, health and safety; now,
12 therefore,

13 **Be it enacted by the People of the State of Maine as follows:**

14 **Sec. 1. 20-A MRSA §1001, sub-§14, ¶E,** as reallocated by RR 2011, c. 1, §25,
15 is amended to read:

16 E. In order to facilitate the competitive bidding process in procuring health insurance
17 for a school administrative unit's employees under this subsection, a school
18 administrative unit may request from the insurer providing health insurance coverage
19 to its employees and retirees loss information concerning all of that school
20 administrative unit's employees and retirees and their dependents covered under the
21 school administrative unit's policy or contract pursuant to Title 24-A, section 2803-A.
22 At the written request of the governing body of an alternative organizational
23 structure, pursuant to Title 24-A, section 2803-A, an insurer providing health
24 insurance coverage to the alternative organizational structure's member school
25 administrative units' employees and retirees and their dependents shall provide loss
26 information for all of those employees, retirees and dependents in employment
27 classifications designated by the governing body of the alternative organizational
28 structure. The school boards of the alternative organizational structure's member
29 school administrative units may authorize the governing body of the alternative
30 organizational structure to contract for a single health insurance policy that is offered
31 to all eligible employees and retirees of the alternative organizational structure and its
32 member school administrative units and their dependents in one or more employment
33 classifications. If an alternative organizational structure contracts for a single health
34 insurance policy that is offered to all eligible employees and retirees of the alternative
35 organizational structure and its member school administrative units and their
36 dependents in one or more employment classifications, the governing body of the
37 alternative organizational structure shall provide notice to the insurer of the
38 alternative organizational structure's election to contract for a single health insurance
39 policy at least 6 months before the effective date of the policy. The alternative
40 organizational structure may not revoke a single health insurance policy under this
41 paragraph for a period of 5 years after the effective date of the policy and shall

1 provide notice of revocation at least 6 months before the effective date of the
2 revocation.

3 **Sec. 2. 24-A MRSA §2803-A, sub-§2**, as corrected by RR 2011, c. 1, §39, is
4 amended to read:

5 **2. Disclosure of basic loss information.** Upon written request, every insurer shall
6 provide loss information concerning a group policy or contract to its policyholder, to a
7 former policyholder or to a school administrative unit pursuant to Title 20-A, section
8 1001, subsection 14, paragraph E within 21 business days of the date of the request. This
9 subsection does not apply to a former policyholder whose coverage terminated more than
10 18 months prior to the date of a request. Upon written request of the governing body of
11 an alternative organizational structure, the insurer shall provide loss information for all of
12 the alternative organizational structure's member school administrative units' employees
13 and retirees and their dependents in employment classifications designated by the
14 governing body pursuant to Title 20-A, section 1001, subsection 14, paragraph E within
15 21 business days of the date of the request.

16 **Sec. 3. 24-A MRSA §2804, sub-§1**, as repealed and replaced by PL 1981, c. 147,
17 §2, is amended to read:

18 **1.** The employees eligible for insurance under the policy ~~shall~~ must be all of the
19 employees of the employer, or all of any class or classes thereof. The policy may provide
20 that the term "employees" includes the employees of one or more subsidiary corporations
21 and the employees, individual proprietors, and partners of one or more affiliated
22 corporations, proprietorships or partnerships if the business of the employer and of the
23 affiliated corporations, proprietorships or partnerships is under common control. The
24 policy may provide that the term "employees" includes the individual proprietor or
25 partners if the employer is an individual proprietorship or partnership. The policy may
26 provide that the term "employees" includes retired employees and directors of a corporate
27 employer. A policy issued to insure the employees of a public body may provide that the
28 term "employees" includes elected or appointed officials. If authorized by the school
29 boards of the alternative organizational structure's member school administrative units
30 pursuant to Title 20-A, section 1001, an alternative organizational structure established
31 pursuant to Title 20-A, section 1461-B may contract for group health insurance that is
32 offered to all eligible employees and retirees of the alternative organizational structure
33 and its member school administrative units and their dependents in one or more
34 employment classifications.

35 **Emergency clause.** In view of the emergency cited in the preamble, this
36 legislation takes effect when approved.

37 **SUMMARY**

38 This bill allows the governing body of an alternative organizational structure to
39 obtain health insurance loss information for all of the alternative organizational structure's
40 member school administrative units' employees and retirees and their dependents on an
41 aggregate basis and to purchase a single health insurance policy that is offered to all

- 1 eligible employees and retirees of the alternative organizational structure and its member
- 2 school administrative units and their dependents.