

Joint Standing Committee on Insurance and Financial Services

LD 2

An Act to Extend the Time to Pay a Premium to the Insured

PUBLIC 35

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-29
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LD 2 proposed to extend the time for a licensee to pay premiums to the insured from 10 days to 45 days.

Committee Amendment "A" (H-29) proposed to replace the bill. This amendment proposed to extend the time for a licensed insurance producer to pay return premiums from 10 to 30 days. The amendment also proposed to clarify that the payment of premiums by an insurance producer to an insurance company must be done in accordance with the contract between the producer and the insurance company.

Enacted Law Summary

Public Law 2003, chapter 35 extends the time for a licensed insurance producer or broker to pay premium refunds to an insured from 10 days to 30 days.

LD 5

An Act to Amend the Law Pertaining to Notice of Nonrenewal of an Automobile Insurance Policy

PUBLIC 26

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-14
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LD 5 proposed to clarify that the number of accidents that would permit nonrenewal of an insurance policy insuring each additional motor vehicle is increased by one, no matter how many policies are issued for the motor vehicles.

Committee Amendment "A" (H-14) proposed to replace the bill. The amendment proposed to clarify that the aggregate number of accidents that would permit nonrenewal of an insurance policy insuring that motor vehicle or other vehicles in that household is increased by one regardless of the number of policies that are issued for the motor vehicles.

Enacted Law Summary

Public Law 2003, chapter 26 clarifies that the aggregate number of accidents that would permit an insurer to non-renew a policy insuring that motor vehicle or other motor vehicles in that household is increased by one regardless of the number of policies that are issued for the motor vehicles.

Joint Standing Committee on Insurance and Financial Services

LD 20

An Act to Extend the Authority of the Health Care System and Health Security Board

PUBLIC 492

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ	H-113
	ONTP MIN	H-143 O'NEIL S-279 GAGNON

LD 20 proposed to extend the authority of the Health Care System and Health Security Board to continue its work and submit a final report by January 1, 2004. The bill requires that the board submit an interim report by January 15, 2003. The bill also would allow members appointed when they were Legislators to continue to serve until successors are appointed. The bill is retroactive to the date when the legislation creating the Health Care System and Health Security Board was first enacted.

Committee Amendment "A" (H-113) is the majority report of the committee. It proposed to allow the Health Care System and Health Security Board to continue its work and submit a final report on November 1, 2004. The amendment also proposed to add a 20th member to the board who represents the public and is appointed by the Speaker of the House of Representatives. The amendment also clarified that legislative members and members who are not otherwise compensated are entitled to the legislative per diem or reimbursement of expenses if funds are available. The amendment also proposed to prohibit the board from receiving funding from the General Fund for any purpose.

The amendment also added an allocation section to the bill.

House Amendment "A" (H-143) removes the emergency preamble and clause from the bill.

Senate Amendment "A" to Committee Amendment "A" (S-279) proposed to limit the board to 4 meetings after June 30, 2003, all of which must be held in the Augusta area. The bill also clarified the funding and compensation provisions and adjusted the allocation from Other Special Revenue Funds.

Enacted Law Summary

Public Law 2003, chapter 492 extends the authority of the Health Care System and Health Security Board to continue its work and submit a final report by November 1, 2004. The law also adds a 20th member to the board who represents the public and is appointed by the Speaker of the House of Representatives.

LD 64

An Act to Reduce Workers' Compensation Costs for Self-insured Public Utilities

PUBLIC 38

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-30

LD 64 proposed to allow a public utility to reduce its security for self-insuring its workers' compensation obligations in a manner similar to that used by other companies with working capital offsets.

Joint Standing Committee on Insurance and Financial Services

Committee Amendment "A" (H-30) replaced the bill. The amendment proposed to clarify that only a transmission and distribution utility may reduce its security for self-insuring its workers' compensation obligations by up to \$10,000,000 in a manner similar to that used by other self-insured companies. In order to qualify for the working capital offset, the transmission and distribution utility must have a tangible net worth of \$200,000,000 and an investment grade credit rating with available credit equal to twice its outstanding workers' compensation liabilities.

Enacted Law Summary

Public Law 2003, chapter 38 allows a transmission and distribution utility to reduce its security for self-insuring its workers' compensation obligations by up to \$10 million dollars, but not lower than \$100,000, in a manner similar to that used by other employers.

LD 125

An Act to Promote Fairness and Opportunity for Working Amputees

PUBLIC 459

Sponsor(s)
MAYO
O'NEIL

Committee Report
OTP-AM

Amendments Adopted
S-259

LD 125 proposed to require carriers to provide coverage for prosthetic devices in all health plans, except those providing supplemental coverage for a specific disease or other limited benefits. Benefits for coverage of prosthetic devices must be equal to those benefits provided under federal Medicare law. Currently, Medicare provides coverage for 80% of the actual charge or the amount recognized as the purchase price for the device, whichever is less. The requirements apply to all health plan policies issued or renewed on or after January 1, 2004.

Committee Amendment "A" (S-259) proposed to clarify that health coverage may not be provided for prosthetic devices that include microprocessing technology or that are designed exclusively for athletic purposes. The amendment also clarified that the enrollee's provider must determine whether the prosthetic device is medically necessary.

Enacted Law Summary

Public Law 2003, chapter 459 requires carriers to provide coverage for prosthetic devices in all health plans. Benefits for coverage of prosthetic devices must be equal to those benefits provided under federal Medicare law. Currently, Medicare provides coverage for 80% of the actual charge or the amount recognized as the purchase price for the device, whichever is less. Coverage is not required for prosthetic devices that include microprocessor technology or that are designed exclusively for athletic purposes.

The law applies to all health plan policies issued or renewed on or after January 1, 2004.

Joint Standing Committee on Insurance and Financial Services

LD 161 **An Act to Allow Certain Discounts on Health Insurance** **ONTP**

<u>Sponsor(s)</u> LAFOUNTAIN O'NEIL	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 161 proposed to allow health insurance carriers to offer additional discounts up to 20% based on an individual's weight or adherence to a recommended schedule for regular physicals for individual and small group health insurance policies.

LD 171 **An Act To Clarify the Authority of the Superintendent of Financial Institutions Regarding a Credit Union's Conversion of Its Field of Membership** **PUBLIC 36**

<u>Sponsor(s)</u> DUPLESSIE	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-31
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LD 171 proposed to require the Superintendent of Financial Institutions to establish criteria by rule under which a credit union that converts its field of membership to become a community-chartered credit union may retain in its field of membership one or more groups or portions of groups that were included in the credit union's field of membership prior to the conversion.

Committee Amendment "A" (H-31) proposed to clarify the authority of the Superintendent of Financial Institutions to permit a credit union with an employer-based field of membership to convert its field of membership to a community-based field of membership and to retain one or more employer groups or portions of groups that were included in its field of membership prior to the conversion.

Enacted Law Summary

Public Law 2003, chapter 36 clarifies the authority of the Superintendent of Financial Institutions to permit a credit union with an employer-based field of membership to convert its field of membership to a community-based field of membership and to retain one or more employer groups or portions of groups that were included in its field of membership prior to the conversion.

LD 213 **An Act To Assist Maine's Infertile Citizens** **CARRIED OVER**

<u>Sponsor(s)</u> MARRACHE DOUGLASS	<u>Committee Report</u>	<u>Amendments Adopted</u>
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LD 213 proposes to require group health insurance policies, contracts and certificates to include coverage for infertility treatment if pregnancy-related benefits are provided. It would apply to all group policies issued or renewed on or after January 1, 2004.

Joint Standing Committee on Insurance and Financial Services

As required by Title 24-A Maine Revised Statutes Section 2752, the Joint Standing Committee on Insurance and Financial Services has requested that a review and evaluation of the proposed mandated health insurance benefit for infertility treatment included in the bill be completed by the Bureau of Insurance over the interim. LD 213 has been carried over to the Second Regular Session.

LD 291 **An Act To Provide Parity in Lending by State-chartered Lenders** **PUBLIC 100**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL MAYO	OTP-AM	H-32

Under current law, state-chartered lenders can assess fees on delinquent accounts only if the delinquent account is precomputed with respect to interest, is a consumer lease or credit card account or is a fixed rate, closed-end mortgage. LD 291 proposed to permit Maine lenders to assess late fees for all consumer credit transactions, subject to the restrictions as set forth in the Maine Revised Statutes, Title 9-A, section 2-502, to place them on a more equal footing with out-of-state lenders.

Committee Amendment "A" (H-32) proposed to remove a section of the bill related to statutorily-permitted finance charges and to retain the provision of law allowing a late or delinquency charge to be assessed on a consumer credit transaction.

Enacted Law Summary

Public Law 2003, chapter 100 permits Maine lenders to assess late fees on delinquent accounts for all consumer credit transactions. Pursuant to Maine Revised Statutes, Title 9-A, section 2-502, the late fees may not be assessed until after a 15-day grace period has expired and may not exceed the greater of \$10 or the deferral charge permitted to defer the unpaid amount of any installment during the delinquency period.

LD 294 **An Act to Ensure that Property or Casualty Insurance Companies Can Not Deny Policy Owners Who have Foster Children in Their Care** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BUNKER STANLEY	ONTP	

LD 294 proposed to prohibit property and casualty insurers from refusing to insure, restricting the amount of coverage available or charging different premiums solely because the insured is a foster parent.

Joint Standing Committee on Insurance and Financial Services

LD 316 **An Act To Prohibit Absolute Discretion Clauses in Health Carrier Contracts** **PUBLIC 110**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CANAVAN DOUGLASS	OTP-AM	H-118

LD 316 proposed to prohibit carriers from using absolute discretion clauses in health plan contracts.

Committee Amendment "A" (H-118) replaced the bill. The amendment proposed to prohibit carriers from using or enforcing absolute discretion clauses in health plan contracts and to remove language in the bill relating to contracts with plan sponsors of self-insured health plans.

Enacted Law Summary

Public Law 2003, chapter 110 prohibits carriers from using or enforcing absolute discretion clauses in health plan contracts.

LD 342 **An Act to Amend the Law Relating to Annuities** **PUBLIC 307
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN O'NEIL	OTP-AM	S-114

LD 342 proposed to decrease the annuity rate-of-return requirements from 3% to 1.0%.

Committee Amendment "A" (S-114) proposed to replace the bill. The amendment proposed to decrease the rate-of-return requirements for annuity considerations from 3.0% to the lesser of 3% or an interest rate indexed to the 5-year Constant Maturity Treasury Rate of the Federal Reserve. The amendment also proposed to permit an insurer to apply the interest rate provision annuity contracts on a contract form basis until 2 years after the effective date of the provision. The amendment proposed to add an emergency preamble and emergency clause.

Enacted Law Summary

Public Law 2003, chapter 307 decreases the annuity rate-of-return requirements for annuity considerations from 3.0% to the lesser of 3% or an interest rate indexed to the 5-year Constant Maturity Treasury Rate of the Federal Reserve. The law permits an insurer to apply the interest rate provision to annuity contracts on a contract form basis until 2 years after the effective date.

Public Law 2003, chapter 307 was enacted as an emergency measure effective May 27, 2003.

Joint Standing Committee on Insurance and Financial Services

LD 366

**An Act To Prevent Discrimination Against Group Health Plans
Sponsored by Agricultural Cooperatives**

ONTP

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 366 proposed to require a carrier located in this State to make its provider network available to members receiving health coverage in this State under a group health plan sponsored by an agricultural cooperative if the carrier belongs to the same association as the out-of-state carrier underwriting the group health plan of the agricultural cooperative.

LD 409

**An Act To Allow a Court To Order the Cancellation of a Life
Insurance Policy as Part of a Protection from Abuse Proceeding**

PUBLIC 106

<u>Sponsor(s)</u> JACKSON EDMONDS		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-112
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LD 409 proposed to allow a formerly married person or former domestic partner to cancel a life insurance policy in that person's name that was purchased by the person's former spouse or domestic partner during the marriage or domestic relationship.

Committee Amendment "A" (H-112) replaced the bill. The amendment proposed to allow a District Court to order the termination of a life insurance policy or rider owned by the defendant on the life of a plaintiff in a protection from abuse proceeding. The amendment also requires that a copy of the court order be sent to the insurance company that issued the policy.

Enacted Law Summary

Public Law 2003, chapter 106 allows the District Court to order the termination of a life insurance policy or rider owned by a defendant on the life of a plaintiff in a protection from abuse proceeding. The law also requires that a copy of the court order be sent to the insurance company that issued the policy.

LD 423

**An Act To Improve the Process of Credentialing Health Care
Providers**

PUBLIC 108

<u>Sponsor(s)</u> MARRACHE GAGNON		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-116
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LD 423 proposed to set a time line for provider credentialing by health insurance carriers and requires carriers to make credentialing decisions within 60 days of receiving a completed application from a provider.

Joint Standing Committee on Insurance and Financial Services

Committee Amendment "A" (H-116) proposed to replace the bill. The amendment proposed to retain the general requirement that carriers make credentialing decisions within 60 days of receiving a completed application from a provider, but allows a carrier to extend the period for up to another 120 days upon written notice to the provider if information within the application needs verification. It requires carriers to review the application and return it once for all corrections and clarifies that the application is not complete until all corrections are made. The amendment also removes the provision making credentialing decisions retroactive to the date the carrier received the completed application. The amendment gives authority to the Department of Professional and Financial Regulation, Bureau of Insurance to amend its rules to conform to these requirements.

Enacted Law Summary

Public Law 2003, chapter 108 requires health insurance carriers to make credentialing decisions within 60 days of receiving a completed application from a provider, but allows a carrier to extend the period for up to another 120 days upon written notice to the provider if information within the application needs verification.

LD 428 **An Act To Eliminate the Department of Professional and Financial Regulation, Bureau of Insurance Travel Restrictions for Obtaining Health Care** **CARRIED OVER**

<u>Sponsor(s)</u> LAFOUNTAIN O'NEIL		<u>Committee Report</u>		<u>Amendments Adopted</u>
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LD 428 proposes to provide that a health maintenance organization may furnish health care services through providers that exceed the standard geographic accessibility limits imposed by the Department of Professional and Financial Regulation, Bureau of Insurance by rule for specialty care and hospital services with the exception of hospital services for emergencies and maternity care.

LD 428 has been carried over to the Second Regular Session, although a related provision was incorporated into Public Law 2003, chapter 469. See summary of LD 1611.

LD 434 **An Act To Amend the Patient's Bill of Rights Laws** **ONTP**

<u>Sponsor(s)</u> LAFOUNTAIN O'NEIL		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 434 proposed to require that health care providers publish detailed information about the prices charged for health care services.

A related provision was incorporated into Public Law 2003, chapter 469. See summary of LD 1611.

Joint Standing Committee on Insurance and Financial Services

LD 435

**An Act To Restrict the Cancellation of Health Insurance Coverage
During an Enrollee's Period of Incarceration**

ONTP

<u>Sponsor(s)</u> KNEELAND		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 435 proposed to prohibit health insurance carriers from canceling coverage for enrollees who are incarcerated in county jail facilities solely on the basis of the enrollees' incarceration.

LD 470

**An Act To Ensure Fairness Regarding Use of Consumer Credit
Reports in Insurance Underwriting**

PUBLIC 223

<u>Sponsor(s)</u> CANAVAN DAGGETT		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-220
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LD 470 proposed to prohibit an insurance company authorized to transact automobile or homeowners' insurance in this State from making underwriting and rating decisions based solely on information contained in consumer credit reports. The bill also prohibits an insurer from using an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status or nationality as a factor and from considering an absence of credit history or an inability to determine a credit history as a negative indicator on an insurance score. An insurer may continue to use consumer credit reports in underwriting and rating decisions in conjunction with other relevant underwriting criteria to the extent allowed under state and federal fair credit reporting laws.

The bill also proposed to require insurers to provide written notice to a consumer who is adversely affected by a credit report. The notice must include the specific credit-based reasons for the adverse decision and contact information necessary to assist the consumer in appealing the insurer's decision.

Committee Amendment "A" (H-220) proposed to replace the bill. The language in the amendment is more closely based on a model act from the National Conference of Insurance Legislators. Like the bill, the amendment proposed to prohibit an insurance company authorized to transact personal insurance in this State from making underwriting and rating decisions based solely on credit information. The amendment also proposed to prohibit an insurer from using an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status or nationality as a factor. An insurer may continue to use consumer credit reports in underwriting and rating decisions in conjunction with other relevant underwriting criteria to the extent allowed under state and federal fair credit reporting laws. The amendment also proposed to require insurers to provide notice to a consumer who is adversely affected by a credit report, but allows that notice to be provided in writing or in the same medium as the application for insurance was made to the insurer. The amendment adds a requirement that insurers file their insurance scoring models with the Superintendent of Insurance. The amendment also adds an indemnification provision for the protection of insurance producers who obtain or use credit information on behalf of an insurer.

Joint Standing Committee on Insurance and Financial Services

Enacted Law Summary

Public Law 2003, chapter 223 prohibits an insurance company authorized to transact automobile or homeowners' insurance in this State from making underwriting and rating decisions based solely on information contained in consumer credit reports. An insurer may continue to use consumer credit reports in underwriting and rating decisions in conjunction with other relevant underwriting criteria to the extent allowed under state and federal fair credit reporting laws. The law also requires insurers to provide notice to a consumer who is adversely affected by a credit report. The law adds a requirement that insurers file their insurance scoring models with the Superintendent of Insurance.

LD 473 **An Act To Limit the Interest Rate on Consumer Credit Transactions** **ONTP**

<u>Sponsor(s)</u> TWOMEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 473 proposed to limit the rate of interest that may be charged on consumer credit loans, such as credit cards and automobile loans, to 12% per year.

LD 485 **An Act Clarifying the Maine Consumer Credit Code** **PUBLIC 135**

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 485 proposed to make the Maine Revised Statutes, Title 9-A, section 2-502, subsection 3 consistent with the Federal Reserve Board's Regulation AA, 12 Code of Federal Regulations, Part 227.15 and the Federal Trade Commission's Trade Regulation Rule on credit practices involving the collection of delinquency charges, 16 Code of Federal Regulations, Part 444.4.

Enacted Law Summary

Public Law 2003, chapter 135 makes the Maine Consumer Credit Code consistent with federal law and regulation on credit practices involving the collection of delinquency charges. The law clarifies that a delinquency charge may not be collected in connection with a consumer credit transaction if the only delinquency is attributable to unpaid late fees or delinquency charges assessed in connection with earlier unpaid installments.

Joint Standing Committee on Insurance and Financial Services

LD 487 **An Act To Amend the Maine Insurance Guaranty Association Act** **ONTP**

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 487 proposed to clarify that the Maine Insurance Guaranty Association must pay covered claims for medical malpractice if those claims are brought within the statute of limitations for medical malpractice.

LD 488 **An Act To Reduce Administrative Expenses in Health Insurance** **ONTP**

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 488 proposed to reduce administrative expenses for health care by requiring providers to submit forms electronically. Effective January 1, 2005, the bill prevents providers from collecting interest on late payments from insurers if the claim is not submitted electronically. The bill also would permit health maintenance organizations to refuse a claim not submitted on a form that the health maintenance organizations are required to accept.

A related provision was incorporated into Public Law 2003, chapter 469. See summary of LD 1611.

LD 492 **An Act To Encourage Agricultural Cooperative Associations To Provide Group Health Plans** **PUBLIC 309
EMERGENCY**

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> OTP-AM MAJ OTP-AM MIN		<u>Amendments Adopted</u> H-336
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LD 492 proposed to allow a group health plan sponsored by an agricultural cooperative association located outside of Maine that provides coverage to members of agricultural cooperative associations located within this State to employ an internal grievance procedure that meets the requirements of the state in which the plan's insurer is located as long as enrollees living in this State are provided with an independent external review of any adverse health care decision in accordance with the State's requirements.

Committee Amendment "A" (H-336) is the majority report of the committee. The amendment proposed to clarify that any differences in the grievance procedure requirements between this State and the state in which the group health plan is located must be limited to deadlines for notification of prior authorization of nonemergency services and decisions on appeals of adverse health care treatment decisions.

Committee Amendment "B" (H-337) is the minority report of the committee. Like the majority report, the amendment proposed to clarify that any differences in the grievance procedure requirements between this State and the state in which the group health plan is located must be limited to deadlines for notification of prior authorization of nonemergency services and decisions on appeals of adverse health care treatment decisions. However, this amendment establishes the maximum number of days for notification of prior authorization at 3 days and the

Joint Standing Committee on Insurance and Financial Services

maximum number of days for decisions on appeals of adverse decisions at 60 days. Committee Amendment "B" was not adopted.

Enacted Law Summary

Public Law 2003, chapter 309 allows a group health plan sponsored by an agricultural cooperative association located outside of Maine that provides coverage to members of agricultural cooperative associations located within this State to employ an internal grievance procedure that meets the requirements of the state in which the plan's insurer is located as long as enrollees living in this State are provided with an independent external review of any adverse health care decision in accordance with the State's requirements.

Public Law 2003, chapter 309 was enacted as an emergency measure effective May 27, 2003.

LD 494 An Act To Enhance Consumer Protections in Relation to Certain Mortgages PUBLIC 49

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-53
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LD 494 proposed to amend the law related to the provision of high-rate, high-fee mortgages. This bill enhances consumer protection and regulatory oversight and preserves the availability of such mortgages in the marketplace.

Committee Amendment "A" (H-53) proposed to do the following.

1. It makes technical changes in the bill to reflect the appropriate terms used in the Maine Consumer Credit Code.
2. It clarifies the concurrent jurisdiction of the Department of Professional and Financial Regulation, Bureau of Financial Institutions with regard to high-rate, high-fee mortgages sold by banks, credit unions and other financial institutions.
3. It extends the provision related to fees charged in association with refinancing loans made within an 18-month period.
4. It limits the provision preempting actions by municipalities to actions related to high-rate, high-fee mortgages.

Enacted Law Summary

Public Law 2003, chapter 49 amends the law related to the provision of high-rate, high-fee mortgages. The law prohibits high-rate, high-fee mortgages from charging default charges in excess of 5% of the default amount and limits the fees that may be charged during multiple refinancings, deferrals and extensions of these mortgages. The law also clarifies the concurrent jurisdiction of the Bureau of Financial Institutions and the Office of Consumer Credit Regulation over high-rate, high-fee mortgages depending on the type of entity responsible for selling the mortgage.

Joint Standing Committee on Insurance and Financial Services

LD 497 **Resolve, To Study the Feasibility and Effectiveness of Providing Consumers with Consumer Reports on Health Care Services** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN O'NEIL		

LD 497, a resolve, proposes to establish a commission to study providing consumers with information on the cost and quality of health care services in order to reduce the cost of health insurance by encouraging consumers to be better purchasers of health care services.

LD 497 has been carried over to the Second Regular Session, although related provisions were incorporated into Public Law 2003, chapter 469. See summary of LD 1611.

LD 556 **An Act To Establish New Standards for Credit Reporting** **PUBLIC 118**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAVERRIERE- BOUCHER	OTP-AM	H-117

LD 556 proposed to prohibit consumer reporting agencies from using more than one social security number for a consumer on a credit report. The bill also requires that consumer reporting agencies clearly disclose to consumers their procedures to enable a consumer to correct inaccurate information contained in a credit report.

Committee Amendment "A" (H-117) proposed to replace the bill. Like the bill, the amendment proposed to require that consumer reporting agencies clearly disclose to consumers their procedures to enable a consumer to correct inaccurate information contained in a credit report. The amendment also proposed to give consumers the right to request a free copy of their credit report once during a 12-month period. The cost of additional copies may not exceed \$5 per copy.

Enacted Law Summary

Public Law 2003, chapter 118 gives consumers the right to request a free copy of their credit report once during a 12-month period and specifies that the cost of additional copies may not exceed \$5 per copy. The law also requires that consumer reporting agencies clearly disclose to consumers their procedures to enable a consumer to correct inaccurate information contained in a credit report.

Joint Standing Committee on Insurance and Financial Services

LD 560 **An Act To Allow a Mortgagor To Select a Land Title Company To Perform a Title Search** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SHERMAN NASS	ONTP	

LD 560 proposed to require that a financial institution or credit union that accepts an application for a residential mortgage for 1 to 4 residential units and requires a title search on the property subject to the mortgage must permit the prospective mortgagor to select a land title company to perform the title search.

LD 563 **An Act To Require That Mental Health Workers with LCPC Licenses Are Recognized as Licensed Professionals for Purposes of Insurance Reimbursement** **PUBLIC 65**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	OTP-AM	H-72 H-84 RINES

LD 563 proposed to mandate that all health care plans reimburse licensed clinical professional counselors for mental health services. The bill applies to all policies and contracts issued or renewed on or after January 1, 2004.

Committee Amendment "A" (H-72) proposed to retain the mandated offer provision in current law, which the bill would remove, that requires health insurers to make available coverage for mental health services provided by professional counselors, marriage and family therapists and pastoral counselors licensed in this State.

The amendment also adds language exempting the bill from a review and evaluation by the Bureau of Insurance before its enactment because the proposal contained in the bill was previously studied.

House Amendment "A" (H-84) was presented on behalf of the Committee on Bills in the Second Reading to prevent a conflict by incorporating changes made to the Maine Revised Statutes, Title 24-A, section 4234-A, subsection 8 in Public Law 2003, chapter 20.

Enacted Law Summary

Public Law 2003, chapter 65 mandates that all health care plans reimburse licensed clinical professional counselors for mental health services. The law retains the provision in current law that requires health plans to offer coverage for mental health services provided by licensed professional counselors, marriage and family therapists and pastoral counselors. The law applies to all policies and contracts issued or renewed on or after January 1, 2004.

Joint Standing Committee on Insurance and Financial Services

LD 566

An Act to Ensure Equality in Mental Health Coverage

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY DAGGETT	ONTP	

LD 566 proposed to require parity coverage for mental illnesses for all health benefit plans covering groups of 21 or more. The bill expands the coverage of mental illness to include 11 categories of mental illness as defined in the Diagnostic and Statistical Manual of Mental Disorders, as periodically revised, and allows that coverage to be delivered as a carve out under a managed care system. The bill would require coverage for residential treatment services and home support services. The provisions apply to all policies and contracts issued or renewed on or after the effective date of this bill. The bill makes no change to the mandated offer of parity requirement for individual plans and group plans covering fewer than 20 persons under current law.

The substantive provisions contained in LD 566 were incorporated into the Part I budget bill and enacted as Part VV of Public Law 2003, chapter 20. The requirements apply to all policies and contracts covering groups of 21 or more issued or renewed on or after October 1, 2003.

LD 612

An Act To Prevent Health Insurance Fraud

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ROTUNDO CRAVEN	ONTP MAJ OTP MIN	

LD 612 proposed to require written receipts for prosthetic equipment for reimbursement by health carriers beginning January 1, 2004. It provides for rulemaking by the Superintendent of Insurance.

LD 614

An Act To Provide Parity in Lending by State-chartered Financial Institutions

PUBLIC 263

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO O'NEIL	OTP-AM	S-82 H-246 O'NEIL

LD 614 is intended to update Maine's lending laws in order to make Maine chartered institutions more competitive with nationally chartered institutions.

The bill proposed to give Maine lenders the same ability as out-of-state or national bank lenders to assess reasonable prepayment charges on adjustable-rate mortgages. The bill allows state-chartered banks and credit unions to adjust interest rates on escrow accounts as they are permitted to do on savings or share accounts, while maintaining a fair rate for consumers. The bill expands the authority of the Superintendent of Financial Institutions to waive an aspect of the loans-to-one-borrower rules for well-capitalized institutions.

Joint Standing Committee on Insurance and Financial Services

Committee Amendment "A" (S-82) proposed to replace the bill. The amendment proposed to permit state-chartered financial institutions and mortgage companies to assess prepayment charges on mortgage loans except for high-rate, high-fee mortgages. The amendment also requires the Office of Consumer Credit Regulation and Bureau of Financial Institutions to jointly adopt rules related to the ability of supervised financial organizations to assess prepayment charges.

The amendment proposed to permit state-chartered financial institutions to adjust interest rates on escrow accounts required by law. The rate may not be less than 50% of the one-year Treasury Bill interest rate. Under current law, the interest rate may not be less than 3%.

The amendment removes section 3 of the bill related to the waiver of the loans-to-one borrower rules for well-capitalized institutions.

House Amendment "B" to Committee Amendment "A" (H-246) proposed to correct a reference to a federal interest rate. This change, which allows interest rates on escrow accounts to be adjusted, applies to both state-chartered financial institutions and mortgage companies, unlike the other changes made by Committee Amendment A relating to prepayment charges on mortgage loans, which, contrary to the summary on the committee amendment, apply only to state-chartered financial institutions and not to mortgage companies.

House Amendment "A" to Committee Amendment "A" (H-231) proposed to correct a reference to a federal interest rate. House Amendment "A" was not adopted.

Enacted Law Summary

Public Law 2003, chapter 263 permits state-chartered financial institutions and mortgage companies to assess prepayment charges on mortgage loans, except for high-rate, high-fee mortgages, and requires the Department of Professional and Financial Regulation, Office of Consumer Credit Regulation and Bureau of Financial Institutions to jointly adopt rules related to the ability of supervised financial organizations to assess prepayment charges.

The law also permits state-chartered financial institutions to adjust interest rates on escrow accounts. The rate may not be less than 50% of the one-year Treasury Bill interest rate.

LD 615

An Act To Protect Citizen Privacy

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DOUGLASS THOMAS	ONTP	

LD 615 proposed to prohibit consumer reporting agencies from releasing information about a consumer in connection with any credit or insurance transaction without the consent of the consumer.

Joint Standing Committee on Insurance and Financial Services

LD 630 **An Act To Prohibit Mandatory Arbitration in Health Carrier Contracts** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CANAVAN TREAT	ONTP	

LD 630 proposed to prohibit a carrier offering a health plan in this State from requiring mandatory, binding arbitration as the sole mechanism for formal dispute resolution under its health plans.

LD 661 **An Act To Amend the Laws Governing Privacy of Consumer Financial Information** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY DOUGLASS	ONTP MAJ OTP-AM MIN	

Currently, state law conforms to the opt-out provisions of the federal Gramm-Leach-Bliley Act regarding the disclosure of nonpublic personal information. LD 661 proposed to put in place an opt-in requirement so that financial services providers, including banks, credit unions, securities firms and mortgage companies, must have permission from individuals before disclosing nonpublic personal information to nonaffiliated 3rd parties, but only upon approval by voters at a statewide referendum.

Committee Amendment "A" (H-199) is the minority report of the committee. The amendment proposed to add a nonseverability provision to the bill. The amended language expresses the intent of the Legislature that the entire Act is invalidated if any provision is held invalid or ruled unenforceable against out-of-state or federally chartered financial services providers. Committee Amendment "A" was not adopted.

LD 666 **Resolve, To Implement a Process That Provides for Sunsetting Health Insurance Mandates** **ONTP**

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

LD 666, a resolve, proposed to require the Bureau of Insurance to review existing mandated health insurance benefits in the same manner as it is currently required to review new proposals for mandated coverage. The bureau must report to the Joint Standing Committee on Insurance and Financial Services by January 15, 2004 on the social and financial impacts, the medical efficacy of mandating the benefit and the effects of balancing the social, economic and medical efficacy considerations and determine which of the existing mandates are to be repealed, amended or continued. The resolve requires the committee to submit legislation to repeal those mandates recommended for repeal in the bureau's report.

Joint Standing Committee on Insurance and Financial Services

Committee Amendment "A" (S-89) is the minority report of the committee. The amendment proposed to remove those provisions of the resolve that require the Bureau of Insurance to make recommendations as to whether existing health insurance mandates should be continued, amended or repealed. The amendment adds an allocation section to the resolve. Committee Amendment "A" was not adopted.

LD 667 An Act To Amend the Maine Insurance Code

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN		

LD 667 proposes to require the Superintendent of Insurance to expedite the review and approval of rate filings. It also amends the property cancellation and nonrenewal laws. It proposed to expand the grounds for which a contract of property insurance may be cancelled prior to the expiration of the policy to include the following:

1. The commission of a fraudulent insurance act;
2. The failure by the applicant or the insured to disclose a negligent act or material facts that would alter the terms of the policy;
3. The discovery that the insured's property is unoccupied and custodial care is not being maintained;
4. The presence of a trampoline on the premises if the insured is notified that the policy will be cancelled if the trampoline is not removed;
5. The presence of a swimming pool on the insured property that is not fenced in if, after notification, the noncompliance continues;
6. A claims history that includes 4 losses within 5 years, unless those losses include a catastrophic loss event;
7. A loss occasioned by a dog bite, unless, after notice of cancellation, the insured removes the dog; or
8. Failure to correct in 90 days conditions that pose imminent hazards.

LD 667 has been carried over to the Second Regular Session.

LD 676 An Act Regarding Mortuary Trusts

PUBLIC 109

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO SULLIVAN	OTP-AM	S-39

LD 676 proposed to allow prearranged funeral plans to be funded with the proceeds of a life insurance policy.

Committee Amendment "A" (S-39) proposed to clarify that an insurer has satisfied the requirement to notify an assignee of a life insurance policy of a revocation of the assignment or distribution of the policy's cash value when the insurer has mailed notice by first class mail to the last known mailing address of the assignee. The amendment

Joint Standing Committee on Insurance and Financial Services

also clarifies that the right to fund a prearranged funeral plan with the proceeds of a life insurance policy is subject to the terms of the policy and the laws regulating insurance.

Enacted Law Summary

Public Law 2003, chapter 109 allows prearranged funeral plans to be funded with the proceeds of a life insurance policy.

LD 686 **Resolve, Directing the Bureau of Insurance To Determine the Costs of All Existing Health Insurance Mandates** **ONTP**

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

LD 686, a resolve, proposed to require the Bureau of Insurance to determine the cumulative cost impact of existing mandated health insurance benefits on the premiums paid for health insurance coverage by individuals, businesses and the State. This resolve requires the bureau to submit a report to the Joint Standing Committee on Insurance and Financial Services by January 15, 2004. The resolve also requires the committee to report out legislation based on the bureau's report.

Committee Amendment "A" (H-219) proposed to add an appropriation to the bill. Committee Amendment "A" was not adopted.

LD 712 **An Act To Extend Participation in the State's Group Health Plan** **ONTP**

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

LD 712 proposed to extend eligibility to the employees of federally qualified health centers and the Maine Primary Care Association to participate in the State's group health plan.

LD 769 **An Act To Allow Homeowners to Set the Amount of Insurance Coverage on Property** **ONTP**

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

LD 769 proposed to allow the insured to determine the amount of insurance coverage for real property without regard to the value of the property or the amount of coverage recommended by an insurer.

Joint Standing Committee on Insurance and Financial Services

LD 772 **An Act To Require Insurance Companies To Return 1% of Net Profits** **ONTP**

<u>Sponsor(s)</u> GOODWIN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 772 proposed to require insurers doing business in this State to return 1% of their net profits to the State. The bill also requires that those funds be distributed equally among municipalities that have established a municipal fire department for fire protection services.

LD 796 **An Act Relating to Existing Life-care Communities Licensed by the Superintendent of Insurance** **PUBLIC 155**

<u>Sponsor(s)</u> BROMLEY		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-55
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LD 796 proposed to provide that a life-care community that holds a final certificate of authority from the Superintendent of Insurance and that was operational on November 18, 2002 and that is prohibited by the Maine continuing care retirement community laws from seeking reimbursement or financial assistance under the Medicaid program from a state or federal agency as part of its commitment to provide life care to its residents may continue to admit nonresidents to its nursing facility after its first 3 years of operation.

Committee Amendment "A" (S-55) replaced the bill. It proposed to clarify that a life-care community that holds a final certificate of authority from the Superintendent of Insurance and that was operational on November 18, 2002 and that is prohibited by the Maine continuing care retirement community laws from seeking reimbursement or financial assistance under the MaineCare program from a state or federal agency as part of its commitment to provide life care to its residents may continue to admit nonresidents to its nursing facility after its first 3 years of operation only for such period as approved by the Superintendent of Insurance.

Enacted Law Summary

Public Law 2003, chapter 155 provides that a life-care community that holds a final certificate of authority from the Superintendent of Insurance and that was operational on November 18, 2002 and that is prohibited by the Maine continuing care retirement community laws from seeking reimbursement or financial assistance under the Medicaid program from a state or federal agency as part of its commitment to provide life care to its residents may continue to admit nonresidents to its nursing facility after its first 3 years of operation only for such periods as approved by the Superintendent of Insurance.

Joint Standing Committee on Insurance and Financial Services

LD 814 **An Act To Help Businesses with a Clean Workers' Compensation Claims History** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
HUTTON EDMONDS	ONTP	

LD 814 proposed to require that employers with no claims history for the prior year be given credit for the lack of claims experience in determining the premium for workers' compensation insurance.

LD 821 **An Act To Clarify the Assignment of Provider Identification Numbers to Nurse Practitioners** **ONTP**

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

LD 821 proposed to clarify that the law directing health insurance carriers to issue provider identification numbers to certified nurse practitioners and certified nurse midwives does not mandate specific methods of submitting a claim or prohibit any methods of submitting a claim that may be negotiated among carriers and providers.

LD 852 **An Act To Promote Alternatives in Group Self-insurance** **PUBLIC 315**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-338

LD 852 proposed to allow the Superintendent of Insurance to establish the Workers' Compensation Group Self-insurance Specific Reinsurance Alternative Account, an alternative method for group self-insurers to secure payment on specific claims that exceed \$500,000. The superintendent is required to establish the account if 3 or more group self-insurers request the creation of the account. Participation in the account is required for a minimum of 3 years. Payments by the group self-insurers into the account are based on the rates of reinsurance and adjusted by the superintendent. Claims may be made for an injury occurring on or after the date of first deposit into the account but must be repaid in full through annualized payments by the group self-insurer.

Committee Amendment "A" (H-338) proposed to replace the bill. This amendment proposed to establish an alternative method for a workers' compensation group self-insurer to secure payment of catastrophic losses arising out of a single occurrence. The amendment allows 4 or more group self-insurers to seek approval from the Superintendent of Insurance of an account to hold contributions from participating members and make claims payments on specific claims that are in excess of \$500,000.

Joint Standing Committee on Insurance and Financial Services

Enacted Law Summary

Public Law 2003, chapter 315 establishes an alternative method for a workers' compensation group self-insurer to secure payment of catastrophic losses arising out of a single occurrence in excess of \$500,000. The law allows 4 or more group self-insurers to seek approval from the Superintendent of Insurance of a group self-insurance reinsurance account to hold contributions from participating members in lieu of reinsurance.

LD 857 **An Act To Provide Maine Consumers Information about the Cost and Quality of Health Care Services in Maine** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KANE MAYO	ONTP	

LD 857 proposed to direct the Maine Health Data Organization to collect quality data and produce periodic quality and cost of medical care reports for consumers' use in determining their medical care needs. The bill also requires the Maine Health Data Organization to produce similar reports for medical care rendered in the State compared to medical care rendered in other states in the region. It also requires hospitals and certain other health care institutions licensed under the Maine Revised Statutes, Title 22, chapter 405 to develop, maintain and release a price list of the 15 most common services involving inpatient stays and outpatient procedures rendered for use by consumers for their medical care needs. This bill also requires medical doctors and osteopaths to develop, maintain and release a price list of at least the 15 most common procedures rendered by that professional for use by consumers for their medical care needs.

A related provision was incorporated into Public Law 2003, chapter 469. See summary of LD 1611.

LD 873 **An Act To Provide Better Access to Information Related to Health Care Reimbursement Rates** **ONTP**

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

LD 873 proposed to require carriers to provide information related to the reimbursement rates for providers participating in its health plans upon request by the Superintendent of Insurance, by an enrollee or by an enrollee's representative.

Joint Standing Committee on Insurance and Financial Services

LD 879 **An Act To Require Insurance Companies To Pay up to \$200 for Wigs for Individuals Who Have Lost Hair Due to Medical Reasons** **ONTP**

<u>Sponsor(s)</u> O'BRIEN J		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 879 proposed to require individual and group health insurance policies and health maintenance organization contracts to cover up to \$200 of the purchase of a wig or hairpiece when the purchase is made to cover baldness or thin hair resulting from a disease attested to by a physician or treatment for such a disease. The bill requires similar Medicaid reimbursement to the extent allowed by federal law.

LD 889 **An Act To Establish a State Single-payor Health Insurance Plan** **ONTP**

<u>Sponsor(s)</u> EDER		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 889 proposed to establish the Maine Single-payor Health Care Plan. It establishes the Agency of Health Security as an independent agency to administer the plan. Under the plan, enrollees choose their own health care providers and the plan pays their bills. Coverage under the plan is supplemental to other coverage. The bill requires a report from the Health Security Board to the joint standing committee of the Legislature having jurisdiction over human services matters on the options for coordination of the plan with other health care plans and for the plan to take over coverage of some persons covered by those health care plans. The bill requires an annual report from the board to the Governor and the Legislature on the operation and activities of the plan.

See related bill LD 20.

LD 897 **An Act Concerning Health Insurance Reimbursement and Contracting Practices** **PUBLIC 218**

<u>Sponsor(s)</u> MAYO		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-90
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LD 897 proposed to require health insurers to give providers 90 days' written notice of any amendments to provider contracts. It requires health insurers to seek refunds or partial refunds of previously paid claims within 90 days of submission. Finally, it prohibits health insurers from changing the procedural coding decisions made by providers.

Committee Amendment "A" (S-90) proposed to replace the bill. The amendment proposed to require health carriers to give providers 60 days' notice of substantive amendments to provider agreements with certain exceptions. The parties may waive the notice requirement by mutual agreement. The amendment further requires limits on health insurers' retrospective denials of previously paid claims to 18 months from the date of payment with certain exceptions. The amendment permits carriers to refuse to accept claims not submitted on standardized claim forms approved by the Federal Government. The amendment requires that providers with 10 or more full-time-equivalent employees file claims electronically in order to claim interest, pursuant to the statute requiring health insurers to pay interest if an undisputed claim is not paid within 30 days of submission, beginning in 2005. Finally,

Joint Standing Committee on Insurance and Financial Services

it permits the Superintendent of Insurance to adopt rules that set a minimum amount of interest payable to health care providers, pursuant to the statute requiring health insurers to pay interest if an undisputed claim is not paid within 30 days of submission, before a payment must be issued.

Enacted Law Summary

Public Law 2003, chapter 218 requires health carriers to give providers 60 days' notice of substantive amendments to provider agreements unless the parties waive the notice requirement by mutual agreement. The law limits the ability of health insurers to retrospectively deny previously paid claims to those denials made within 18 months from the date of payment with certain exceptions. Beginning in 2005, the law requires that providers with 10 or more full-time-equivalent employees file claims electronically in order to claim interest, pursuant to the statute requiring health insurers to pay interest if an undisputed claim is not paid within 30 days of submission. Finally, it permits the Superintendent of Insurance to adopt rules that set a minimum amount of interest payable to health care providers before a payment must be issued.

LD 902

An Act To Create Equality in Medicare Supplement Insurance Policies

PUBLIC 157

Sponsor(s)
DAMON

Committee Report
OTP-AM

Amendments Adopted
S-56

LD 902 proposed to provide guaranteed issuance for Medicare supplement insurance policies to persons entitled to Medicare benefits due to disability.

Committee Amendment "A" (S-56) replaced the bill. The amendment proposed to clarify that guaranteed issuance of Medicare supplement policies extends to persons who have maintained coverage supplementing benefits under Medicare beginning with their open enrollment period. It also provides that the coverage supplementing benefits under Medicare includes coverage under a Medicare supplement policy as well as coverage under an individual policy or group health plan. The amendment retains the provision in the original bill providing guaranteed issuance for Medicare supplement insurance policies to persons entitled to Medicare benefits due to disability.

Enacted Law Summary

Public Law 2003, chapter 157 provides guaranteed issuance for Medicare supplement insurance policies to persons entitled to Medicare benefits due to disability. The law also clarifies that guaranteed issuance extends to persons who have maintained coverage supplementing benefits under Medicare beginning with their open enrollment period, whether the coverage is under a Medicare supplement policy or an individual or group health plan.

Joint Standing Committee on Insurance and Financial Services

LD 903 **Resolve, To Amend the 2-year Qualified Medicare Beneficiary Eligibility Rule Relative to Medicare Supplement Insurance Access** **RE-REFERRED TO HHS**

<u>Sponsor(s)</u> DAMON		<u>Committee Report</u> RE-REFER		<u>Amendments Adopted</u>
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LD 903 proposed to require the Department of Professional and Financial Regulation, the Bureau of Insurance to amend its rule relating to guaranteed issue of Medicare supplement insurance policies to allow an individual who was previously enrolled in a Medicare supplement policy to obtain that same coverage when the individual loses eligibility under the MaineCare program. The resolve proposed to require the bureau to amend the rule by January 1, 2004.

LD 903 was re-referred to the Joint Standing Committee on Health and Human Services. See summary for LD 903 from that committee.

LD 905 **An Act To Protect Employees if Their Employer Fails To Pay Premiums for Employer-sponsored Health Insurance** **PUBLIC 156**

<u>Sponsor(s)</u> STANLEY CLARK		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-57
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LD 905 proposed to require insurers to notify employees who are certificate holders under a group health insurance policy directly prior to cancellation of their group coverage. Under current law, insurers have the option of notifying either the certificate holders or the office of the group policyholder. The bill also requires that the notice include information on the availability of individual coverage after the group policy is cancelled.

Committee Amendment "A" (S-57) proposed to replace the bill. The amendment proposed to make the provisions applicable to nonprofit hospital and medical service organizations, nonprofit health plans and health maintenance organizations as well as insurers. The amendment retains the requirement that employees who are certificate holders under a group health insurance policy be notified directly at least 10 days prior to cancellation of their group coverage but clarifies that the notice is only required if the insurer has the employee's address on file.

Enacted Law Summary

Public Law 2003, chapter 156 requires insurers to notify employees who are certificate holders under a group health insurance policy directly at least 10 days prior to cancellation of their group coverage unless the insurer does not have the employee's address on file.

Joint Standing Committee on Insurance and Financial Services

LD 930 **An Act To Prohibit Arbitrary Interest Rate Hikes** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON J	ONTP MAJ	
	OTP MIN	

LD 930 proposed to prohibit credit card lenders from increasing credit card rates for consumers in good standing based on credit information that the consumer is delinquent on payments related to other consumer credit transactions.

LD 936 **An Act To Require Insurance Policies To Provide Coverage for Medically Necessary Rehabilitation Services** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY	ONTP	
TREAT		

LD 936 proposed to require individual and group health insurance policies and health maintenance organization contracts to provide coverage for medically necessary rehabilitation services.

LD 1007 **An Act To Promote Clarity and Uniformity in Health Insurance Contracts** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS J	ONTP	

LD 1007 proposed to direct the Superintendent of Insurance to adopt rules to further standardize health insurance policies and rules governing the processing and billing of health insurance claims.

LD 1043 **An Act To Provide Continued Access to Health Insurance for Small Business Employees** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BREAULT	ONTP MAJ	
MAYO	OTP-AM MIN	

LD 1043 proposed to give employees whose coverage under a group policy is terminated the right to maintain coverage under that group policy at the employee's expense for 18 months. The bill applies to group policies covering fewer than 20 employees.

Committee Amendment "A" (H-346) is the minority report of the committee and replaced the bill. Like this bill, the amendment proposed to give employees whose coverage under a group policy is terminated the right to maintain coverage under that group policy at the employee's expense for 18 months and applies to group policies covering

Joint Standing Committee on Insurance and Financial Services

fewer than 20 employees. The amendment proposed to clarify that the conversion privilege is not available if the employee's employment is terminated for gross misconduct. Committee Amendment "A" was not adopted.

LD 1051 **An Act To Expand the Mission of the Public Advocate** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BLISS	ONTP MAJ	
BROMLEY	OTP-AM MIN	

LD 1051 proposed to expand the duties of the Public Advocate to include oversight of the insurance industry by allowing the Public Advocate to review and make recommendations to the Superintendent of Insurance regarding insurance rates, policies and availability of products to Maine consumers. The Public Advocate also may intervene on behalf of a consumer or group of consumers of insurance products in any action before the Bureau of Insurance, other state or federal agencies or courts. It also imposes a filing fee of \$50,000 on an insurer who files for a rate change to workers' compensation insurance or employers' liability insurance written in connection with workers' compensation insurance. The fee is dedicated to the Public Advocate to fund the expanded duties as proposed in this bill.

Committee Amendment "A" (H-176) is the minority report of the committee. It proposed to add an allocation section to the bill. Committee Amendment "A" was not adopted.

LD 1058 **An Act To Extend Public Record Requirements of Nongroup Health Insurance Rate Filings to All Health Insurance Rate Filings** **PUBLIC 313**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COLWELL	OTP-AM MAJ	H-334
EDMONDS	OTP-AM MIN	

Under current law, rate filings for nongroup health insurance are public records without exception. LD 1058 proposed to extend that requirement to small group health plans and establishes that the rate filings are public records without exception in order to better inform policyholders and the public about the health insurance rates.

Committee Amendment "A" (H-334) is the majority report of the committee. The amendment proposed to clarify that small group health plan rate filings are public records except as provided by the freedom of access laws. This language explicitly preserves the exception under the current definition of a public record for trade secrets. The amendment also removes references in the bill to public hearings. Under current law and consistent with the bill's intent, small group health insurance rate filings are not subject to a public hearing or approval of the Superintendent of Insurance before becoming effective. The amendment also makes changes to clarify this requirement with the current community rating law for small group carriers.

Committee Amendment "B" (H-335) is the minority report of the committee. The amendment proposed to remove references in the bill to public hearings and make changes to clarify the filing of small group rates with the current community rating law for small group carriers. Committee Amendment "B" was not adopted.

Enacted Law Summary

Joint Standing Committee on Insurance and Financial Services

Public Law 2003, chapter 313 establishes that small group health plan rate filings are public records except as provided by the freedom of access laws.

LD 1087 **An Act To Require All Health Insurers To Cover the Costs of Hearing Aids** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
EDMONDS LAVERRIERE- BOUCHER		

LD 1087 proposes to require health insurance policies and contracts to provide coverage for the purchase of a hearing aid from a licensed audiologist or hearing aid dealer for a person whose hearing loss has been documented by a physician or licensed audiologist.

As required by Title 24-A Maine Revised Statutes Section 2752, the Joint Standing Committee on Insurance and Financial Services has requested that a review and evaluation of the proposed mandated health insurance benefit for coverage of hearing aids be completed by the Bureau of Insurance during the interim.

LD 1096 **An Act To Create a Timetable for Insurers To Make Restitution to Consumers** **ONTP**

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

LD 1096 proposed to require an insurer who agrees to reimburse funds to a client concerning a dispute over the terms of an insurance contract to issue the funds within 10 business days of the agreement or be subject to a fine of \$100 a day from the Superintendent of Insurance.

LD 1119 **An Act To Require Insurers To Offer a Discount for Operators of Commercial Vehicles Equipped with Safety Devices** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LEDWIN YOUNGBLOOD	ONTP	

LD 1119 proposed to require insurers to offer an appropriate discount on commercial motor vehicle insurance coverage for commercial vehicles equipped with safety devices approved by the Bureau of Insurance.

Joint Standing Committee on Insurance and Financial Services

LD 1168 **An Act To Establish a Cap on Credit Card Rates and To Require Notice of a Change in Credit Card Rates** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAMPSON DOUGLASS	ONTP	

LD 1168 proposed to establish a cap on the percentage of interest rates on credit card balances at 18% per year. This bill also requires creditors to notify consumers before raising the percentage of interest rates on credit card balances, even if the increase is described in the credit agreement between the creditor and consumer.

LD 1174 **An Act Relating to Options for Health Insurance Coverage** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	ONTP	

LD 1174 proposed to establish the Maine Catastrophic Health Protection Plan as a nonprofit insurance company. The plan provides catastrophic health insurance coverage to all state residents. The plan is governed by a 9-member board of directors. The bill requires that the plan begin offering coverage on July 1, 2005. The bill also appropriates \$400,000 for planning activities and requires the board of directors to submit a comprehensive plan to the Governor and the Legislature by December 31, 2004.

LD 1175 **An Act To Improve the Affordability of Individual and Small Group Health Insurance** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	ONTP	

Current law allows small group carriers to form a reinsurance pool for the purpose of reinsuring small group risks. To date, no small group carriers have not taken advantage of this authorization. LD 1175 proposed to require both individual and small group health plan carriers to participate in a reinsurance pool for their respective type of insurance. The Department of Human Services, Bureau of Medical Services and the Governor's Office of Health Policy and Finance, an office created by Executive Order on January 9, 2003, are required to work together to develop a plan creating the reinsurance pools. The requirement to participate in the reinsurance pools is contingent upon the approval of the plan by the Superintendent of Insurance.

LD 1175 also proposed to require so-called "pure community rating" for both individual and small group health plan carriers, requires higher amounts of premium dollars to be used for direct medical care and removes statutory authority permitting high-deductible plans.

Joint Standing Committee on Insurance and Financial Services

LD 1176 **An Act To Provide Affordable Health Care Insurance to All of the State's Citizens** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
JOY STANLEY	ONTP	

LD 1176 proposed to allow health insurance carriers to offer a simple package of basic health care insurance that is affordable for more of the citizens of the State. The bill would repeal existing state-mandated benefits, mandated health insurance coverage and mandated offerings of health benefits. LD 1176 also corrects cross-references necessitated by the repeal of the various provisions of law.

LD 1181 **An Act To Provide Fair Hearings in Health Insurance Rate Proceedings** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT KANE		

LD 1181 proposes to require that a hearing be held before proposed changes in health insurance rates that exceed the Consumer Price Index by 100% or more are approved. It also proposed to change the standard of review from whether the rates are excessive to whether the rates are unreasonable relative to the benefits and coverage offered. The bill would require that the hearing be held before an impartial administrative hearing officer who is not employed by the Bureau of Insurance. The bill also proposed to require that actuarial staff at the Bureau of Insurance prepare a report for use in the hearing. The bill would apply to both individual and group health insurance policies and to all carriers, including health maintenance organizations.

LD 1181 has been carried over to the Second Regular Session, although related provisions that would require approval of premium rates for small group health insurance plans and that a hearing be held before proposed changes are approved were incorporated into Public Law 2003, chapter 469. See summary of LD 1611.

LD 1190 **An Act To Create the Comprehensive Health Insurance Risk Pool Association** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN		

LD 1190 proposes to create the Comprehensive Health Insurance Risk Pool Association. The purpose of the association is to spread the cost of high-risk individuals among all health insurers. The bill funds the high-risk pool through an assessment on insurers. The bill would require the State to submit an application to the Federal Government for federal assistance to create a high-risk pool.

The bill also proposes to remove the guaranteed issuance requirement for individual health plans effective October 1, 2004.

Joint Standing Committee on Insurance and Financial Services

LD 1190 has been carried over to the Second Regular Session, although a related provision regarding the establishment of a high-risk pool was incorporated into Public Law 2003, chapter 469. See summary of LD 1611.

LD 1200 An Act To Allow an Appeal for Cancellation of Commercial Insurance ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COWGER LAFOUNTAIN	ONTP	

LD 1200 proposed to bring commercial insurance contracts under the property insurance cancellation control laws.

LD 1239 An Act Concerning Universal Health Insurance CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL LAFOUNTAIN		

In Part A, LD 1239 proposes to establish the Maine Universal Health Care Plan. It establishes the Maine Universal Health Care Agency as an independent agency to administer the plan. Under the plan, enrollees are provided health care coverage after the policy limits of their primary health care policy have been reached. Coverage under the plan is contingent upon the enrollee's having secured coverage for primary and preventive care either individually or through the enrollee's employer. The primary health care policy must be approved by the Bureau of Insurance.

In Part B, the bill proposes to establish a new nonprofit hospital and medical service organization to compete with other carriers in Maine's health insurance market. The bill requires that the organization be organized in accordance with the Maine Revised Statutes, Title 24.

In Part C, the bill proposes to establish a 5% payroll tax on wages and earnings, including self-employed earnings, and dedicates that tax revenue to the Maine Universal Health Care Fund.

LD 1347 An Act To Clarify the Authority of the Attorney General To Seek Restitution and To Require the Superintendent of Insurance To Investigate Certain Insurance Practices PUBLIC 310

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT O'NEIL	OTP-AM	S-155

LD 1347 proposed to clarify that, in those instances when the Superintendent of Insurance has notified the Attorney General of a violation of the insurance laws, the Attorney General is required to institute actions against the violator, including actions requiring restitution. It also proposed to require the superintendent to investigate and report on certain insurance practices, including changes made in underwriting standards, product design and benefit structure of health, life, personal and commercial insurance products. The superintendent is required to submit the

Joint Standing Committee on Insurance and Financial Services

report and any recommendations to the Attorney General and the Joint Standing Committee on Insurance and Financial Services.

Committee Amendment "A" (S-155) proposed to clarify that, in those instances when the Superintendent of Insurance has notified the Attorney General of a violation of the insurance laws, the Attorney General is required to institute actions against the violator, including actions seeking restitution.

This amendment also proposed to require the superintendent to prepare a report on market conditions and trends for property and casualty insurance in this State, particularly homeowners' insurance and commercial coverage for small businesses. The superintendent is required to hold 4 public hearings throughout the State. The amendment requires the superintendent to submit the report to the Joint Standing Committee on Insurance and Financial Services no later than January 5, 2004.

Enacted Law Summary

Public Law 2003, chapter 310 clarifies that, in those instances when the Superintendent of Insurance has notified the Attorney General of a violation of the insurance laws, the Attorney General is required to institute actions against the violator, including actions seeking restitution.

Public Law 2003, chapter 310 also requires the Superintendent of Insurance to prepare a report on market conditions and trends for property and casualty insurance in this State, particularly homeowners' insurance and commercial coverage for small businesses. The Superintendent is required to submit the report to the Joint Standing Committee on Insurance and Financial Services no later than January 5, 2004.

LD 1353 An Act To Ensure Women's Health Care Coverage for All Maine CARRIED OVER Women

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON J EDMONDS		

LD 1353 proposes to ensure that Maine's women's health care coverage insurance mandates protect women living in Maine who are covered by an insurance certificate of coverage issued by an insurance carrier located in another state. Part A makes these changes in the section of the insurance code regulating nonprofit hospital and medical service organizations. Part B makes these changes in the section of the insurance code regulating individual health insurance policies. Part C makes these changes in the section of the insurance code regulating group health insurance policies. Part D makes these changes in the section of the insurance code regulating health maintenance organizations in Maine.

As required by Title 24-A Maine Revised Statutes Section 2752, the Joint Standing Committee on Insurance and Financial Services has requested that a review and evaluation of the proposed expansion of mandated health insurance benefits to those covered by an insurance certificate issued by an out-of-state carrier be completed by the Bureau of Insurance over the interim. LD 1353 has been carried over to the Second Regular Session.

Joint Standing Committee on Insurance and Financial Services

LD 1363

An Act To Create Lower-cost Health Insurance Options

ONTP

<u>Sponsor(s)</u> WOODBURY MAYO		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1363 proposed to require health insurance carriers to create an alternate version of each individual and group health coverage plan. The alternate version of each plan would have the identical coverages of the primary plan except that additional deductibles and patient cost-sharing would be required. The bill also requires that employers providing health insurance coverage to their employees offer their employees the option of choosing either the primary plan or the alternate plan. To the extent allowed by federal and state law, the bill allows employers to establish medical savings accounts in conjunction with the alternate plan for the purposes of supporting the deductible and coinsurance costs to employees.

LD 1386

Resolve, Regarding Legislative Review of Portions of Chapter 840, Private Purchasing Alliances, a Major Substantive Rule of the Department of Professional and Financial Regulation, Bureau of Insurance

**RESOLVE 21
EMERGENCY**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 1386, a resolve, proposed to give legislative approval of portions of Chapter 840, Private Purchasing Alliances, a major substantive rule of the Department of Professional and Financial Regulation, Bureau of Insurance.

Enacted Law Summary

Resolve 2003, chapter 21 provides for legislative approval of portions of Chapter 840, Private Purchasing Alliances, a major substantive rule of the Department of Professional and Financial Regulation, Bureau of Insurance.

Resolve 2003, chapter 21 was passed as an emergency measure effective May 15, 2003.

LD 1413

An Act To Clarify Maine Law Relating to Viatical Settlements

PUBLIC 320

<u>Sponsor(s)</u> WOODBURY		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-347
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LD 1413 proposed to replace a reference to the state-chartered and federally chartered financial institutions that are members of the federal reserve system with a reference to institutions whose deposits are insured by the Federal Deposit Insurance Corporation. This change makes state law consistent with the National Association of Insurance Commissioners' model law and allows a greater number of state-chartered financial institutions to manage escrow or trust accounts containing viatical settlement proceeds.

Joint Standing Committee on Insurance and Financial Services

Committee Amendment "A" (H-347) proposed to require the Superintendent of Insurance to convene a working group to develop recommended legislation relating to life settlement contracts and to submit that legislation to the Second Regular Session of the 121st Legislature.

Enacted Law Summary

Public Law 2003, chapter 320 clarifies that any state or federally chartered financial institution whose deposits are insured by the Federal Deposit Insurance Corporation may act as an escrow agent on accounts containing viatical settlement proceeds.

LD 1438 An Act To Require Disclosure of Benefit Offsets under Disability Insurance Policies PUBLIC 321

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO	OTP-AM	S-154

Disability income insurance policies routinely provide that benefits payable under a policy will be reduced by amounts received from other sources, including claims under other insurance policies such as workers' compensation or social security disability and retirement benefits. These offsets are not always clearly understood by a prospective insured at the time coverage is purchased or selected. LD 1438 proposed to require a clear, written disclosure of any such offsets at or before the time of application or enrollment to ensure that the prospective insured understands the limitation of any benefits under the policy before deciding whether to purchase coverage.

Committee Amendment "A" (S-154) proposed to replace the bill. With regard to individual policies, the amendment proposed to require that insurers provide a clear, written disclosure of any benefit offsets on the application form or in a separate document. With regard to group policies and contract, the amendment proposed to require insurers to include the notice in any written enrollment material and certificate of coverage intended for distribution to persons eligible for coverage under the policy or contract.

Enacted Law Summary

With regard to individual disability income insurance policies, Public Law 2003, chapter 321 requires that insurers provide a clear, written disclosure of any benefit offsets on the application form or in a separate document. With regard to group policies and contracts, the law requires insurers to include the notice in any written enrollment material and certificate of coverage intended for distribution to persons eligible for coverage under the policy or contract.

LD 1458 An Act To Amend the Debt Management Services Laws PUBLIC 172

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DOUGLASS CANAVAN	OTP	

LD 1458 proposed to amend the Nonprofit Debt Management Services Act to clarify that it protects a consumer who pays a fee to have a company negotiate with and arrange installment or reduced payments to creditors, even if

Joint Standing Committee on Insurance and Financial Services

the funds are sent directly from the consumer's accounts to the creditors rather than being sent first to the debt management company.

Enacted Law Summary

Public Law 2003, chapter 172 amends the Nonprofit Debt Management Services Act to clarify that the Act protects a consumer who pays a fee to have a company negotiate with and arrange installment or reduced payments to creditors, even if the funds are sent directly from the consumer's accounts to the creditors rather than being sent first to the debt management company.

LD 1481

An Act To Clarify Provisions Governing Corporate-owned Life Insurance Policies

PUBLIC 173

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL LAFOUNTAIN	OTP	

LD 1481 proposed to add 3 technical amendments to provisions governing a corporation's insurable interest in the lives of its employees, the Maine Revised Statutes, Title 24-A, section 2404, subsection 3.

1. It clarifies that a corporation may have an insurable interest in individuals, such as certain key officers and directors.
2. It clarifies that the proceeds created by a life insurance funded employee benefit program must benefit at least a broad class of employees.
3. It would expressly permit a trust to act as policyholder for corporate-owned life insurance plans.

Enacted Law Summary

Public Law 2003, chapter 173 clarifies that a corporation may have an insurable interest in the life of individual employees, such as certain key officers and directors, and that the proceeds created by a life insurance funded employee benefit program must benefit at least a broad class of employees. The law also expressly permits a trust to act as policyholder for corporate-owned life insurance plans.

LD 1489

An Act To Update and Amend the Revised Maine Securities Act

PUBLIC 201

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN O'NEIL	OTP-AM	S-91

LD 1489 proposed to do the following:

1. It clarifies that sales representatives acting for an issuer in effecting any securities transactions are only exempt from licensing requirements if they are bona fide employees of the issuer;

Joint Standing Committee on Insurance and Financial Services

2. It clarifies existing broker-dealer and investment adviser branch office fees and specifies that a branch location
3. that is the office of both an affiliated broker-dealer and investment adviser will not be assessed duplicative fees;
4. It clarifies that, with respect to successor firms, neither sales representatives nor investment adviser representatives will be required to be relicensed;
5. It adds abandonment provisions with fee retention for applications, filings, exemptions and federal covered securities;
6. It adds business plans to the list of sales and advertising materials that may be required to be filed with the Securities Administrator;
7. It repeals expired transitional language;
8. It adds a provision for the public disclosure of confidential information for public protection purposes; and
9. It eliminates the hearing requirement prior to the issuance of a federal or another states' subpoena when the alleged violation would also be a violation of Maine law.

Committee Amendment "A" (S-91) proposed to clarify that the exemption from sales representative licensing applies to bona fide employees of the securities issuer and to bona fide directors, officers, partners or members of the securities issuer.

Enacted Law Summary

Public Law 2003, chapter 201 makes several changes to update the Revised Maine Securities Act, including clarifying that sales representatives acting for an issuer in effecting any securities transactions are only exempt from licensing requirements if they are bona fide employees of the issuer; clarifying that a branch location that is the office of both an affiliated broker-dealer and investment adviser will not be assessed duplicative fees; allowing the Office of Securities to retain fees when applications, filings, exemptions and federal covered securities are abandoned; adding business plans to the list of sales and advertising materials that may be required to be filed with the Securities Administrator; and eliminating the requirement that a hearing be held prior to the issuance of a federal or another states' subpoena when the alleged violation would also be a violation of Maine law.

Joint Standing Committee on Insurance and Financial Services

LD 1490

**An Act To Update and Clarify the Law Regarding the Conversion
of a Nonprofit Hospital and Medical Service Organization to a
Domestic Stock Insurer**

PUBLIC 171

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DOUGLASS O'NEIL	OTP	

LD 1490 proposed to implement the requirements of Public Law 2001, chapter 550, which directed the Superintendent of Insurance to submit legislation to the 121st Legislature not later than January 1, 2003, to clarify that 100% of the net proceeds of a charitable organization covered by the nonprofit health and medical services organization conversion law are deemed public assets and to make any other changes the superintendent considers appropriate. The proposed amendments include technical corrections to ensure consistency with Public Law 2001, chapter 550 as well as provide clarification that 100% of the net proceeds of any such conversion are public assets.

Enacted Law Summary

Public Law 2003, chapter 171 clarifies that 100% of the net proceeds of a charitable organization covered by the nonprofit health and medical services organization conversion law in Maine Revised Statutes, Title 24, are deemed public assets and makes other technical changes needed to implement the requirements of Public Law 2001, chapter 550.

LD 1502

**An Act To Clarify the Exclusion of Assumed Reinsurance from
Policy Claims Priority**

PUBLIC 202

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
YOUNG MAYO	OTP	

LD 1502 proposed to clarify the original intent of the law, which was to exclude assumed reinsurance from policy claims priority. The language proposed appears in the National Association of Insurance Commissioners' Insurers Rehabilitation and Liquidation Model Act.

Enacted Law Summary

Public Law 2003, chapter 202 clarifies that assumed reinsurance is excluded from policy claims priority in the context of an insurer insolvency proceeding.

Joint Standing Committee on Insurance and Financial Services

LD 1507

**An Act To Clarify and Update the Laws and Rules Related to
Health Care**

**PUBLIC 428
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CANAVAN MAYO	OTP-AM	H-515

LD 1507 proposed to do the following.

Part A facilitates the updating of small group and individual health insurance policies by permitting limited minor changes at renewal with 60 days' notice to policyholders and insureds.

Part B strengthens and clarifies the law requiring notice of termination of a group health plan. It expands the requirement to apply to terminations other than for nonpayment of premium and to apply to dental insurance. It also requires the notice to be sent to each insured's last known home address and repeals the requirement to send copies of termination notices to the Department of Professional and Financial Regulation, Bureau of Insurance and to the Department of Labor, Bureau of Labor Standards.

Part C expands the scope of the law governing 3rd-party administrators to include entities that administer employee benefit excess insurance.

Part D clarifies that the requirement for health carriers to provide experience data to large groups applies with respect to former policyholders as well as current policyholders.

Part E clarifies the rate information that must be filed with the Bureau of Insurance with respect to group health insurance.

Part F repeals the provision making long-term care insurance rates effective for only 3 years and clarifies the rate filing requirements for individual health insurance to specify that they apply to association group coverage that falls within the definition of individual health plan.

Part G corrects several references to the long-term care insurance laws.

Part H makes several housekeeping corrections. It clarifies the definition of "private purchasing alliance" by removing a reference to licensure. It removes reference to "2 or more carriers" in the purchasing alliance law, consistent with recent amendments that permit purchasing alliances to use a single carrier. It clarifies that a provision of the individual health plan law applies to certificates as well as policies. It exempts policies from the statute concerning arbitration if they are subject to the newer statute concerning external review. It corrects a reference to a tax form. It clarifies the definition of "downstream risk arrangement." Lastly, it corrects a reference in the provision concerning discounts on Medicare supplement insurance.

Committee Amendment "A" (H-515) proposed to make the changes to the notification provisions in Part B of the bill consistent with Public Law 2003, chapter 156. The amendment also clarified that the requirement that loss information be provided to a former group policyholder upon request does not apply to policyholders whose

Joint Standing Committee on Insurance and Financial Services

coverage terminated more than 18 months prior to the request. The amendment also would make the rule-making process related to the community health program routine technical rules rather than major substantive rules.

The amendment also added an emergency preamble and emergency clause to the bill.

Enacted Law Summary

Public Law 2003, chapter 428 does the following:

Part A facilitates the updating of small group and individual health insurance policies by permitting limited minor changes at renewal with 60 days' notice to policyholders and insureds.

Part B strengthens and clarifies the law requiring notice of termination of a group health plan. It expands the requirement to apply to terminations other than for nonpayment of premium and to apply to dental insurance. It also requires the notice to be sent to each insured's last known home address and repeals the requirement to send copies of termination notices to the Department of Professional and Financial Regulation, Bureau of Insurance and to the Department of Labor, Bureau of Labor Standards.

Part C expands the scope of the law governing 3rd-party administrators to include entities that administer employee benefit excess insurance.

Part D clarifies that the requirement for health carriers to provide experience data to large groups applies with respect to former policyholders whose coverage terminated within 18 months of the request.

Part E clarifies the rate information that must be filed with the Bureau of Insurance with respect to group health insurance.

Part F repeals the provision making long-term care insurance rates effective for only 3 years and clarifies the rate filing requirements for individual health insurance to specify that they apply to association group coverage that falls within the definition of individual health plan.

Part G corrects several references to the long-term care insurance laws.

Part H makes several housekeeping corrections. It clarifies the definition of "private purchasing alliance" by removing a reference to licensure. It removes reference to "2 or more carriers" in the purchasing alliance law, consistent with recent amendments that permit purchasing alliances to use a single carrier. It clarifies that a provision of the individual health plan law applies to certificates as well as policies. It exempts policies from the statute concerning arbitration if they are subject to the newer statute concerning external review. It corrects a reference to a tax form. It clarifies the definition of "downstream risk arrangement." Lastly, it corrects a reference in the provision concerning discounts on Medicare supplement insurance.

Part I makes the rule-making process related to the community health program routine technical rules rather than major substantive rules.

Part I of Public Law 2003, chapter 428 was enacted as an emergency measure effective June 5, 2003; Parts A to H of Public Law 2003, chapter 428 become effective September 4, 2003.

Joint Standing Committee on Insurance and Financial Services

LD 1521 **An Act Concerning Liability Insurance Covering Debt Cancellation Contracts** **ONTP**

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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Recently, some financial institutions have offered debt cancellation contracts to their borrowers. These contracts operate similarly to credit insurance, but the risk is taken by the bank rather than by an insurer. The State's laws relating to credit insurance do not apply to these contracts. Some insurers market programs to financial institutions under which the bank issues debt cancellation contracts, but the insurer assumes the risk through a liability policy. LD 1521 proposed to prohibit insurers from issuing such policies unless the underlying debt cancellation contracts meet the standards applicable to credit insurance.

LD 1522 **An Act To Establish Fee Caps under the Maine Insurance Code** **PUBLIC 203**

<u>Sponsor(s)</u> TURNER BREAULT		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 1522 proposed to authorize the Superintendent of Insurance to adopt rules establishing fees and miscellaneous charges under the Maine Insurance Code within a range that does not exceed the otherwise applicable current amounts in the law.

Enacted Law Summary

Public Law 2003, chapter 203 authorizes the Superintendent of Insurance to adopt rules establishing fees and miscellaneous charges under the Maine Insurance Code within a range that does not exceed the otherwise applicable current amounts in the law.

LD 1534 **An Act To Amend the Maine Banking Laws** **PUBLIC 322**

<u>Sponsor(s)</u> LAFOUNTAIN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-141
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LD 1534 proposed to make technical changes to several definitions in the Maine banking laws.

The bill synchronizes the payment of assessments by all financial institutions to the Department of Professional and Financial Regulation, Bureau of Financial Institutions; provides consistency with frequency of reports filed; removes outdated references; and provides for an increase in the penalty for nonpayment of assessments. The current penalty of \$100 was created in 1975. All penalties paid would flow to the General Fund.

The bill clarifies that state law governing requirements for retention of records applies to banks and credit unions authorized to do business in this State to the extent that those requirements do not contravene existing federal law.

Joint Standing Committee on Insurance and Financial Services

The bill clarifies the Superintendent of Financial Institutions' authority to report violations of the Maine banking laws to the Attorney General's office for prosecution on behalf of the State.

The bill makes a technical change to the law restricting the use of names of Maine financial institutions on credit cards to make it applicable to credit cards underwritten by state and federally chartered credit unions in the same fashion that the law is applicable to state and federally chartered banks.

The bill clarifies that those provisions in the banking laws governing the conservation, liquidation and insolvency of a financial institution supersede any other state statute.

The bill removes outdated language governing participation in electronic funds transfer systems and the opening, relocating, closing or operation of a branch by a state chartered credit union.

The bill clarifies that a credit union that has been designated a community development credit union under state law may impress and enforce a lien on shares and dividends of a nonmember to the same extent that the credit union may impress and enforce a lien on shares and dividends of a member.

The bill amends state law to apply general protections to accounts held by credit unions.

The bill gives the superintendent the authority to waive all or part of the guaranty fund requirements for individual credit unions. It adds rule-making authority with which to further implement that provision and maintain parity with federal credit union law.

The bill amends outdated laws governing credit union payment of dividends and interest on accounts and synchronizes state law with federal law in this area.

The bill removes an outdated reporting requirement for credit unions and repeals an outdated provision for the transition of credit unions into the state requirement for insurance of accounts.

The bill adds a specific requirement that a credit union board of directors establish a written loan policy and written investment policy and modifies several outdated provisions relating to the establishment of a supervisory committee or a credit committee. It also repeals an outdated law that prohibits a credit union director from acting as a surety or comaker on any loan.

The bill clarifies the duties and responsibility of a credit union supervisory committee or independent public accountant. The bill also requires a credit union over \$50,000,000 in assets to employ an independent public accountant and provides the superintendent with rule-making authority to further define the duties of the supervisory committee or independent public accountant.

The bill repeals outdated provisions in state law governing powers and duties of credit committees or loan officers of a credit union.

The bill amends outdated provisions for credit union members to call a special meeting of the board of directors and brings it into alignment with federal law in that area.

The bill clarifies the lending powers of a credit union, repeals the outdated provisions relating to mortgage loan application, inserts statutory provisions that require a credit union to establish a written loan policy, and gives the superintendent rule-making authority to further regulate lending activities by credit unions.

Joint Standing Committee on Insurance and Financial Services

The bill requires a credit union to have a written investment policy and removes an outdated reference to the now defunct Federal Savings and Loan Insurance Corporation found in credit union law.

The bill repeals outdated language governing voluntary or involuntary dissolution of a credit union and replaces it with the more modern approach that is consistent with the process followed by the National Credit Union Administration, the federal agency that insures all accounts of each credit union doing business in Maine.

The bill corrects an outdated reference in the credit union conversion statutes.

Committee Amendment "A" (S-141) proposed to do the following.

1. It makes technical changes in the bill to reflect the appropriate terms used in the Maine banking laws and deletes unnecessary references to the recording of documents with the Secretary of State.
2. It increases the threshold asset size for a credit union from \$50,000,000 to \$100,000,000 for the requirement that a credit union employ an independent public accountant to conduct an annual audit of the credit union.

Enacted Law Summary

Public Law 2003, chapter 322 amends outdated laws governing state-chartered credit unions and synchronizes the provisions with federal laws governing federally chartered credit unions. The law also makes technical changes to various provisions in the Maine banking laws.

LD 1540 **An Act To Implement the Recommendations of the Health Care System and Health Security Board** **ONTP**

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

LD 1540 implements the recommendations of the Health Care System and Health Security Board to establish a single-payor health plan for the State. The bill proposed to establish the Maine Single-payor Health Care Plan and requires that the plan begin offering coverage on January 1, 2005. The bill also would establish the Health Security Board to develop recommendations for the implementation and administration of the single-payor plan. Under the bill, the implementation plan and any necessary legislation must be approved by the Legislature before the single-payor plan begins offering coverage.

See related bill LD 20.

LD 1553 **An Act To Permit Special Purpose Reinsurance Vehicles** **PUBLIC 249**

<u>Sponsor(s)</u>		<u>Committee Report</u>		<u>Amendments Adopted</u>
LAFOUNTAIN YOUNG		OTP		

LD 1553 proposed to permit the establishment of special purpose reinsurance vehicles and to establish a regulatory framework for the oversight of activities related to special purpose reinsurance vehicles. Special purpose reinsurance vehicles provide insurers an option other than standard reinsurance as a possible method of transferring

Joint Standing Committee on Insurance and Financial Services

risk at a time when insurers are facing significant increases in reinsurance costs. The bill is substantially similar to the National Association of Insurance Commissioners' Special Purpose Reinsurance Vehicle Model Act and would permit insurers access to special purpose reinsurance vehicles in a marketplace other than those offshore insurance markets where special purpose reinsurance vehicles are already permitted.

A special purpose reinsurance vehicle is an entity established for the exclusive purpose of facilitating the securitization of the risk of one or more ceding insurers as a means of accessing alternative sources of capital and achieving the benefits of securitization. Investors in fully funded insurance securitization transactions provide funds that are available to the special purpose reinsurance vehicle to secure the aggregate limit under a special purpose reinsurance vehicle contract that provides coverage against the occurrence of a triggering event. The creation of special purpose reinsurance vehicles is intended to achieve greater efficiencies in conducting insurance securitizations, to diversify and broaden insurers' access to sources of risk-bearing capital and to make insurance securitization generally available on reasonable terms to as many insurers as possible.

Enacted Law Summary

Public Law 2003, chapter 249 permits establishment of special purpose reinsurance vehicles and establishes a regulatory framework for the oversight of activities related to special purpose reinsurance vehicles. Special purpose reinsurance vehicles provide insurers an option other than standard reinsurance as a possible method of transferring risk.

**LD 1601 An Act To Authorize the Superintendent of Insurance To Establish CARRIED OVER
a Fair Access to Insurance Requirements Plan**

Sponsor(s)
MAYO
O'NEIL

Committee Report

Amendments Adopted

LD 1601 proposes to authorize the Superintendent of Insurance to establish a Fair Access to Insurance Requirements Plan, or FAIR Plan, under certain circumstances, if the superintendent determines, after a public hearing, that in all or any part of the State residential property insurance is not reasonably available in the voluntary market to a substantial number of insurable risks. The FAIR Plan would be developed and administered by the FAIR Plan Association, a nonprofit association appointed by the superintendent that includes members from the insurance industry and the public. The FAIR Plan Association would develop and administer a program for participation by all licensed insurers writing residential property insurance in this State that would make residential property insurance available to applicants in underserved areas whose property is insurable in accordance with reasonable underwriting standards but who, after diligent efforts, are unable to procure such insurance through the voluntary market, as evidenced by 2 declinations from insurers actually writing residential property insurance in this State.

Joint Standing Committee on Insurance and Financial Services

LD 1605

An Act To Amend the Law Relating to Multiple-employer Welfare Arrangements

**PUBLIC 374
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN BREAULT	OTP	

LD 1605 proposed to require that trust funds of a multiple-employer welfare arrangement be held in this State until disbursed by the trust. It also proposed to remove the requirement that a 3rd-party administrator of a multiple-employer welfare arrangement be domiciled in this State.

Enacted Law Summary

Public Law 2003, chapter 374 provides that trust funds of a multiple-employer welfare arrangement must be held in this State until disbursed by the trust and removes the requirement that a licensed 3rd-party administrator of a multiple-employer welfare arrangement be domiciled in this State.

Public Law 2003, chapter 374 was enacted as an emergency measure effective May 30, 2003.

LD 1611

An Act To Provide Affordable Health Insurance to Small Businesses and Individuals and To Control Health Care Costs

PUBLIC 469

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL TREAT	OTP-AM	H-565 S-228

LD 1611 proposed to do the following:

Part A of the bill establishes Dirigo Health as an independent agency of State Government. It seeks to make affordable health insurance available to small businesses and individuals, provide additional assistance to employees and individuals with earnings below 300% of the federal poverty guidelines and establishes the Maine Quality Forum to improve the quality of care in this State.

Part B requires the Governor to issue a biennial State Health Plan and establishes an advisory council to assist in the development of the plan.

Part C ties the administration of the certificate of need process to the State Health Plan and the capital investment fund. It further seeks to strengthen the public database administered by the Maine Health Data Organization. Part D requires insurers in the small group market to submit to the Superintendent of Insurance the same rate information that insurers in other markets are required to provide.

Part E requires certain health care providers to provide consumer information.

Part F establishes voluntary constraints on health care cost increases.

Joint Standing Committee on Insurance and Financial Services

Part G requires the Governor to work to improve access to care for veterans and to improve Medicare reimbursements for Maine providers.

Committee Amendment "A" (H-565) proposed to replace the bill. In Part A, the amendment proposed to establish Dirigo Health as an independent executive agency to arrange for the provision of health coverage to small employers and their employees and dependents and to individuals on a voluntary basis. Dirigo Health is also required to monitor and improve the quality of health care in this State. Dirigo Health is governed by a board of directors. Five voting members must be appointed by the Governor and confirmed by the Legislature.

Under Part A, Dirigo Health must contract with health insurance carriers to offer health insurance to eligible small businesses and individuals through Dirigo Health Insurance. The health insurance benefits must be determined by the board and must comply with all statutory requirements of the Maine Insurance Code, including mandated benefits. The amendment also provides additional assistance through subsidies, based on a sliding scale, to employees and individuals with earnings below 300% of the federal poverty level who are enrolled in Dirigo Health. Employers who participate in Dirigo Health Insurance may be required to contribute up to 60% toward the cost of coverage for employees who work at least 20 hours per week and their dependents. The employer contribution rate for employees who work less than full time must be prorated.

In the first year of operation, funding for Dirigo Health is provided through the General Fund. After July 1, 2005, funding for subsidies and the Maine Quality Forum must be provided through savings offset payments paid by health insurance carriers, employee benefit excess insurance carriers and third-party administrators. The board of directors is required to establish the savings offset amount, not to exceed 4% of annual premium revenue or its equivalent, on an annual basis and those savings offset payments may not exceed the aggregate cost savings attributable to reductions in bad debt and charity care costs as a result of the operation of Dirigo Health and the expansion in MaineCare.

Part A proposed to expand MaineCare coverage for children and adults and provides coverage for expansion enrollees who enroll individually and who enroll through Dirigo Health as part of an employer group. The expansion of MaineCare eligibility may not become effective until Dirigo Health becomes operational. The amendment also requires monthly reporting of the noncategorical adult MaineCare expansion.

Within Dirigo Health, the amendment proposed to establish a high-risk pool for persons whose care costs are over \$100,000 per year and for those with certain named diagnoses. It requires Dirigo Health to develop disease management protocols for persons in the high-risk pool. If after 3 years Dirigo Health underperforms relative to the trends in average premium rates and average rates of uninsured individuals compared to those trends in states with high-risk pools, Dirigo Health is charged with submitting legislation to create a high-risk pool on January 1, 2008.

Part A proposed to establish the Maine Quality Forum within Dirigo Health to collect and disseminate research, adopt quality and performance measures, coordinate quality data, issue quality reports in conjunction with the Maine Health Data Organization, conduct consumer education and technology assessment reviews, encourage the adoption of electronic technology, make recommendations for the biennial State Health Plan and issue an annual report. To assist the board and the forum, the amendment establishes the Maine Quality Forum Advisory Council.

Part B proposed to require the Governor to issue a biennial State Health Plan and establishes an advisory council to assist in the development of the plan. Part B also proposed to establish the capital investment fund, an annual limit for resources allocated under the certificate of need program. Within the capital investment fund, 12.5% of the total is required to be designated for nonhospital projects for a period of 3 years. The amendment specifies that a certificate of need or public financing that affects health care costs may not be provided unless it meets the goals and budgets in the State Health Plan.

Joint Standing Committee on Insurance and Financial Services

Part C proposed to apply certificate of need (CON) requirements to the portions of an ambulatory surgical facility used by patients or to support ambulatory surgical care and to new technology that costs over \$1,200,000 in the office of a private practitioner. It proposed to establish an automatic adjustment to the CON thresholds based on the Consumer Price Index, medical index. It would expand the bases on which the Commissioner of Human Services makes CON decisions, adding consistency with the State Health Plan, reference to quality outcomes, reference to inappropriate increases in service utilization and the limits of the capital investment fund. It would allow the Commissioner of Human Services to receive reports from a panel of experts on CON applications and requires evaluations from the Department of Human Services, Bureau of Health and the Superintendent of Insurance. It proposed to require hospitals and health care practitioners to make information on the charges for commonly offered health care services available to the public.

Part C proposed to require the Maine Health Data Organization to adopt rules to collect data on health care quality based on the quality measures adopted by the Maine Quality Forum. It also would require the Maine Health Data Organization to issue reports on health care services, costs and quality.

Part D proposed to require health care practitioners to submit claims to health insurance carriers in electronic format beginning October 16, 2003. Until October 16, 2005, health care practitioners with fewer than 10 full-time equivalent employees are not required to submit claims electronically. After that date, those practitioners may apply to the Superintendent of Insurance for an exemption from the electronic claims filing requirement.

Part E proposed to require the Superintendent of Insurance to adopt rules for the filing of annual report supplements by health insurers and health maintenance organizations. It would require small group health plans to submit rate filings to the Superintendent of Insurance and imposes rate hearings and rate reviews on those filings unless a carrier opts to guarantee a 78% loss ratio or refund excess premiums. It would require individual and small group health insurance rates to reflect savings offset payments and any recovery of those offsets in premium rates. It would require large group health carriers to file annually certification that rating practices and methods meet actuarial principles and that savings offset payments and recovery offsets have been properly included in the filing. It proposed to allow managed care health plans to apply to the Superintendent of Insurance for permission to offer health plans with financial incentive provisions to encourage the use of designated providers of specialty and hospital care if the plan does not exceed the Bureau of Insurance Rule Chapter 850 travel standards by 100% and meets quality criteria. The Superintendent of Insurance is required to adopt rules relating to quality criteria by January 1, 2004 and submit those rules for legislative review before final adoption. The provision regarding managed care plans offering health plans with financial incentive provisions is repealed on July 1, 2007 unless continued by the Legislature. It would require the Superintendent of Insurance to conduct a study of the impact of a cap of \$250,000 on noneconomic damages in medical malpractice lawsuits on the cost of medical malpractice insurance.

Part F proposed to set voluntary constraints on financial growth for a period of one year by health care practitioners, hospitals and health insurance carriers. It also requires the Governor's Office of Health Policy and Finance and the Maine Hospital Association to agree on a timetable, format and methodology for reporting on hospital charges, cost efficiency and consolidated operating margins. It requires the Department of Human Services to conduct a comprehensive study of MaineCare reimbursement rates and to report by January 15, 2005. It establishes the Commission to Study Maine's Hospitals and requires that commission to report by November 1, 2004.

Part G proposed to require the Governor to work to improve access to care for veterans and to improve Medicare reimbursements for Maine providers and establishes a task force to study health care services provided to Maine veterans.

Joint Standing Committee on Insurance and Financial Services

Part H proposed to restore \$500,000 in General Fund money to restore the physician incentive payment program within the MaineCare program.

Part H proposed to authorize the State Controller to transfer \$53,000,000 from the General Fund to Dirigo Health to support its operation in the first year.

Part H also proposed to add appropriations and allocations sections to the bill, as amended, as well as an emergency preamble and emergency clause.

Senate Amendment "B" to Committee Amendment "A" (S-288) proposed to remove the emergency preamble and emergency clause from Committee Amendment "A."

House Amendment "A" to Committee Amendment "A" (H-572) proposed to provide that if the average premium rates in the State and the rate of uninsured individuals exceed the relevant average, the board shall submit proposed legislation to include in the Dirigo Health product offerings a high-deductible medical savings account package. House Amendment "A" was not adopted.

House Amendment "B" to Committee Amendment "A" (H-573) replaced the bill and Committee Amendment. Part A proposed to create the Comprehensive Health Insurance Risk Pool Association to spread the cost of high-risk individuals among all health insurers. The high-risk pool is funded through an assessment on insurers. This Part requires the State to submit an application to the Federal Government for federal assistance to create a high-risk pool.

Part A also removed the guaranteed issuance requirement for individual health plans effective February 1, 2005.

Part B proposed to broaden the community rating bands in individual health insurance to allow increased variation of premium rates based on age and health status.

Part C proposed to direct the Department of Human Services to provide Medicaid-eligible individuals with premium subsidies so that the value of MaineCare benefits may be applied to the purchase of private health insurance through employers or a plan offered in the individual market. The department is further directed to seek any waivers needed from the Federal Government.

Part D proposed to provide that a health maintenance organization may furnish health care services through providers that exceed the standard geographic accessibility limits imposed by the Department of Professional and Financial Regulation, Bureau of Insurance by rule for specialty care and hospital services with the exception of hospital services for emergencies and maternity care.

Part E proposed to set a limit of \$250,000 on noneconomic damages in medical liability actions. Under this Part, a plaintiff is still entitled to the full economic loss, including all medical expenses, rehabilitation services, custodial care, loss of earnings and earning capacity, loss of income and any other verifiable monetary losses. House Amendment "B" was not adopted.

House Amendment "C" to Committee Amendment "A" (H-574) proposed to limit the amount of savings offset payments to 75% of the savings resulting from decreasing rates of growth in the State's health care spending and bad debt and charity care costs. This amendment also proposed to require health insurance carriers and providers to use best efforts to ensure that health insurance premiums reflect the recovery of all the cost savings offset payments. House Amendment "C" was not adopted.

Joint Standing Committee on Insurance and Financial Services

House Amendment "D" to Committee Amendment "A" (H-575) proposed to require that the Dirigo Health Insurance program will exist in only one county for its first year of operation. In order for the program to expand to a statewide program, the Board of Directors of Dirigo Health must report to the Legislature and receive its approval for expansion. The amendment replaces the fiscal information of the committee amendment. House Amendment "D" was not adopted.

House Amendment "E" to Committee Amendment "A" (H-577) proposed to place the Governor and State Legislators under the Dirigo Health Insurance plan. House Amendment "E" was not adopted.

House Amendment "F" to Committee Amendment "A" (H-578) proposed to require that the Board of Directors of Dirigo Health offer an optional plan for public school teachers. Under the optional plan, a teacher could elect coverage under Dirigo Health and that teacher's contribution to the Dirigo Health Fund would be 4% of the annual salary earned from teaching and the State's contribution would be 40% of the cost of health insurance coverage. House Amendment "F" was not adopted.

House Amendment "G" to Committee Amendment "A" (H-583) proposed to create the Comprehensive Health Insurance Risk Pool Association to spread the cost of high-risk individuals among all health insurers. The high-risk pool is funded through an assessment on insurers. This amendment proposed to require the State to submit an application to the Federal Government for federal assistance to create a high-risk pool.

This amendment also proposed to remove the guaranteed issuance requirement for individual health plans effective July 1, 2005. House Amendment "G" was not adopted.

House Amendment "H" to Committee Amendment "A" (H-584) proposed to remove the emergency preamble and the emergency clause from Committee Amendment "A". House Amendment "H" was not adopted.

House Amendment "I" to Committee Amendment "A" (H-586) proposed to remove the emergency preamble and emergency clause from Committee Amendment "A." House Amendment "I" was not adopted.

Senate Amendment "A" to Committee Amendment "A" (S-278) proposed to replace the bill and Committee amendment. Part A proposed to create the Comprehensive Health Insurance Risk Pool Association to spread the cost of high-risk individuals among all health insurers. The high-risk pool is funded through an assessment on insurers. This Part proposed to require the State to submit an application to the Federal Government for federal assistance to create a high-risk pool.

Part A also proposed to remove the guaranteed issuance requirement for individual health plans effective February 1, 2005.

Part B proposed to broaden the community rating bands in individual health insurance to allow increased variation of premium rates based on age and health status.

Part C proposed to direct the Department of Human Services to provide Medicaid-eligible individuals with premium subsidies so that the value of MaineCare benefits may be applied to the purchase of private health insurance through employers or a plan offered in the individual market. The department is further directed to seek any waivers needed from the Federal Government.

Part D proposed to provide that a health maintenance organization may furnish health care services through providers that exceed the standard geographic accessibility limits imposed by the Department of Professional and

Joint Standing Committee on Insurance and Financial Services

Financial Regulation, Bureau of Insurance by rule for specialty care and hospital services with the exception of hospital services for emergencies and maternity care.

Part E proposed to set a limit of \$250,000 on noneconomic damages in medical liability actions. Under this Part, a plaintiff is still entitled to the full economic loss, including all medical expenses, rehabilitation services, custodial care, loss of earnings and earning capacity, loss of income and any other verifiable monetary losses. Senate Amendment "A" was not adopted.

Enacted Law Summary

Public Law 2003, chapter 469 establishes Dirigo Health as an independent executive agency to arrange for the provision of health coverage to small employers and their employees and dependents and to individuals on a voluntary basis. Dirigo Health is also required to monitor and improve the quality of health care in this State. Dirigo Health is governed by a board of directors. Five voting members must be appointed by the Governor and confirmed by the Legislature.

Dirigo Health must contract with health insurance carriers to offer health insurance to eligible small businesses and individuals through Dirigo Health Insurance. The health insurance benefits must be determined by the board and must comply with all statutory requirements of the Maine Insurance Code, including mandated benefits. The law also provides additional assistance through subsidies, based on a sliding scale, to employees and individuals with earnings below 300% of the federal poverty level who are enrolled in Dirigo Health. Employers who participate in Dirigo Health Insurance may be required to contribute up to 60% toward the cost of coverage for employees who work at least 20 hours per week and their dependents. The employer contribution rate for employees who work less than full time must be prorated. Coverage through Dirigo Health Insurance must begin no later than October 1, 2004.

In the first year of operation, funding for Dirigo Health is provided through the General Fund. After July 1, 2005, funding for subsidies and the Maine Quality Forum must be provided through savings offset payments paid by health insurance carriers, employee benefit excess insurance carriers and third-party administrators. The board of directors is required to establish the savings offset amount, not to exceed 4% of annual premium revenue or its equivalent, on an annual basis and those savings offset payments may not exceed the aggregate cost savings attributable to reductions in bad debt and charity care costs as a result of the operation of Dirigo Health and the expansion in MaineCare.

The law expands MaineCare coverage for children and adults and provides coverage for expansion enrollees who enroll individually and who enroll through Dirigo Health as part of an employer group. The expansion of MaineCare eligibility may not become effective until Dirigo Health becomes operational. Monthly reporting on the noncategorical adult MaineCare expansion will be required to monitor enrollment.

Within Dirigo Health, the law establishes a high-risk pool for persons whose care costs are over \$100,000 per year and for those with certain named diagnoses. It requires Dirigo Health to develop disease management protocols for persons in the high-risk pool. If after 3 years Dirigo Health underperforms relative to the trends in average premium rates and average rates of uninsured individuals compared to those trends in states with high-risk pools, Dirigo Health is charged with submitting legislation to create a high-risk pool on January 1, 2008.

The law establishes the Maine Quality Forum within Dirigo Health to collect and disseminate research, adopt quality and performance measures, coordinate quality data, issue quality reports in conjunction with the Maine Health Data Organization, conduct consumer education and technology assessment reviews, encourage the adoption

Joint Standing Committee on Insurance and Financial Services

of electronic technology, make recommendations for the biennial State Health Plan and issue an annual report. The Maine Quality Forum Advisory Council is established to assist the board and the forum. The Maine Health Data Organization will adopt rules to collect data on health care quality based on the quality measures adopted by the Maine Quality Forum and issue reports on health care services, costs and quality.

The law requires the Governor to issue a biennial State Health Plan and establishes an advisory council to assist in the development of the plan. It also establishes the capital investment fund, an annual limit for resources allocated under the certificate of need program. Within the capital investment fund, 12.5% of the total is required to be designated for nonhospital projects for a period of 3 years. The law specifies that a certificate of need or public financing that affects health care costs may not be provided unless it meets the goals and budgets in the State Health Plan.

The law applies certificate of need (CON) requirements to the portions of an ambulatory surgical facility used by patients or to support ambulatory surgical care and to new technology that costs over \$1,200,000 in the office of a private practitioner. It establishes an automatic adjustment to the CON thresholds based on the Consumer Price Index, medical index. It expands the bases on which the Commissioner of Human Services makes CON decisions, adding consistency with the State Health Plan, reference to quality outcomes, reference to inappropriate increases in service utilization and the limits of the capital investment fund. It allows the Commissioner of Human Services to receive reports from a panel of experts on CON applications and requires evaluations from the Department of Human Services, Bureau of Health and the Superintendent of Insurance. It requires hospitals and health care practitioners to make information on the charges for commonly offered health care services available to the public.

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The law sets voluntary constraints on financial growth for a period of one year by health care practitioners, hospitals and health insurance carriers. It also requires the Governor's Office of Health Policy and Finance and the Maine Hospital Association to agree on a timetable, format and methodology for reporting on hospital charges, cost efficiency and consolidated operating margins. It requires the Department of Human Services to conduct a comprehensive study of MaineCare reimbursement rates and to report by January 15, 2005. It establishes the Commission to Study Maine's Hospitals and requires that commission to report by November 1, 2004.

Joint Standing Committee on Insurance and Financial Services

The law requires the Governor to work to improve access to care for veterans and to improve Medicare reimbursements for Maine providers and establishes a task force to study health care services provided to Maine veterans.

The law restores \$500,000 in General Fund money to restore the physician incentive payment program within the MaineCare program.

HP 725

**JOINT STUDY ORDER – Relative to a Study to Examine
Mandated Health Insurance Benefits and the Cost of Those Benefits
to the Individual Insurance Consumer**

ONTP

Sponsor(s)
VAUGHAN

Committee Report
ONTP

Amendments Adopted

This joint study order proposed to require that the Joint Standing Committee on Insurance and Financial Services conduct a study to examine mandated health insurance benefits and the cost of those benefits to the individual insurance consumer. The joint order proposed that the committee report back to the Second Regular Session.

Joint Standing Committee on Insurance and Financial Services