

Joint Standing Committee on Insurance and Financial Services

LD 6 **An Act To Prohibit a Credit Card Processing Company from Charging a Termination Fee** **ONTP**

<u>Sponsor(s)</u> MOODY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 6 proposed to prohibit a credit card processing company from charging a termination fee upon the cancellation or termination of a contract for credit card processing services.

LD 27 **An Act To Require That Licensed Pastoral Counselors Be Recognized as Licensed Professionals for Purposes of Insurance Reimbursement** **PUBLIC 214**

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 27 proposed to require that all individual and group health insurance policies reimburse for mental health services provided by pastoral counselors licensed in this State. The bill would apply to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

Enacted law summary

Public Law 2005, chapter 214 requires that all individual and group health insurance policies reimburse for mental health services provided by pastoral counselors licensed in this State. The law applies to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

LD 28 **An Act To Require That Mental Health Workers with Family Therapist Licenses Be Recognized as Licensed Professionals for Purposes of Insurance Reimbursement** **PUBLIC 213**

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 28 proposed to require that all individual and group health insurance policies reimburse for mental health services provided by marriage and family therapists licensed in this State. The bill would apply to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

Enacted law summary

Public Law 2005, chapter 213 requires that all individual and group health insurance policies reimburse for mental health services provided by marriage and family therapists licensed in this State. The law applies to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

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LD 32

Resolve, To Reestablish the Health Care System and Health Security Board

RESOLVE 119

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ	H-513
	OTP-AM MIN	S-380 GAGNON S-405 MAYO

LD 32, a resolve, proposed to reestablish the Health Care System and Health Security Board, which was originally established in Public Law 2001, chapter 439, through the next biennium of the Legislature. The bill would require that the board submit a final report by November 1, 2006 to the 122nd Legislature. The bill proposed to allow those members serving on the board as of November 1, 2004 to continue as members and it also preserves any unexpended funds allocated to the board for use to pay future expenses.

Committee Amendment "A" (H-513) is the majority report of the committee. The amendment proposed to retain the provision of the resolve that reestablishes the Health Care System and Health Care Security Board but would limit the scope, funding and timeline of the reestablished board relative to the provisions of the resolve. The amendment proposed to limit the work of the reestablished board to finalizing recommendations regarding the feasibility of a single-payor health plan and limit funding to the unexpended funds allocated to the board as of November 1, 2004. The amendment also sets the report deadline as January 4, 2006, compared with November 1, 2006 in the resolve. Finally, the amendment would prohibit the board from seeking an extension from the Legislative Council beyond January 4, 2006 and from taking any further action after that date unless authorized by law.

Committee Amendment "B" (H-514) is the minority report of the committee. The amendment proposed to require that the Executive Director of the Legislative Council redistribute the unexpended funds of the Health Care System and Health Care Security Board to the individuals and organizations that contributed funds to support the board. The amendment would require the executive director to issue a refund to each contributor that is proportional to the contributor's share of the total budget of the board, except that if the calculated refund is less than \$1 no refund is required. Committee Amendment "B" was not adopted.

Senate Amendment "A" to Committee Amendment "A" (S-380) proposed to bring the resolve into conformity with the Standards for Legislative Studies adopted by the Legislative Council and the Joint Rules.

Senate Amendment "C" to Committee Amendment "A" (S-405) proposed to remove the emergency preamble and emergency clause.

Senate Amendment "B" to Committee Amendment "A" (S-404) proposed to remove the emergency preamble and emergency clause. Senate Amendment "B" was not adopted.

Enacted law summary

Resolve 2005, chapter 119 reestablishes the Health Care System and Health Security Board so that the Board may finalize recommendations regarding the feasibility of a single-payor health plan. The resolve requires the Board to submit its report by December 7, 2005.

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LD 41 **An Act To Prohibit Credit Card Companies from Charging Late Fees on Certain Accounts** **ONTP**

<u>Sponsor(s)</u> SCHATZ		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 41 proposed to prohibit credit card issuers from charging a late fee on an account if the interest rate exceeds 12.5%.

LD 65 **An Act To Protect Consumers from Unfair Cancellation of Property Insurance Coverage** **ONTP**

<u>Sponsor(s)</u> MOORE G GAGNON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 65 proposed to remove the restriction in the so-called Maine Property Insurance Cancellation Control Act that insured property must be owner-occupied for the Act to apply to policies insuring against loss or damage to that property. The bill does not change the Act's requirements that the insured property be used solely for residential purposes and consist of not more than 4 apartments. The bill proposed to give the protections of the Act to owners of rental residential property, including the right to request a hearing before the Superintendent of Insurance when the insurer has notified the insured that the policy will not be renewed. Under current law, owners of rental property are entitled to request a hearing only if the policy is being cancelled before its term has been completed.

LD 86 **An Act To Increase the Availability of Individual Health Insurance in Maine** **ONTP**

<u>Sponsor(s)</u> SNOWE-MELLO FLETCHER		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 86 proposed to remove the requirement that health insurance carriers offer standardized individual health plans defined by the Superintendent of Insurance.

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LD 97 **An Act To Terminate Payments to the Maine Workers' Compensation Residual Market Pool from the Maine Insurance Guaranty Association** **ONTP**

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

LD 97 proposed to terminate the obligation of the Maine Insurance Guaranty Association to pay the Maine Workers' Compensation Residual Market Pool quarterly payments, since the last payment was November 15, 2004. These payments were adding \$8,000,000 in costs to lines of insurance other than workers' compensation through the "spillover" insolvency assessment mechanism at a time when the residual market pool was solvent.

LD 111 **An Act To Promote Health Insurance Coverage for Employees of Small Businesses** **ONTP**

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

LD 111 proposed to give an employee 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 or convert to an individual policy without evidence of insurability. The bill would apply to group policies covering fewer than 20 employees. The bill also clarifies that the continuation or conversion privilege is not available if the employee's employment is terminated for gross misconduct.

Committee Amendment "A" (H-213) is the minority report of the committee. The amendment proposed to remove unnecessary references to the conversion of an individual policy and correct a cross-reference. Committee Amendment "A" was not adopted.

LD 114 **An Act To Provide a Mandate-free Health Insurance Policy** **ONTP**

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

LD 114 proposed to authorize basic care medical plans to provide health insurance with high deductibles and levels of coinsurance. Individuals who have incomes at 200% or below the federal non-farm income poverty level and have no other coverage may purchase the plans. The plans cover hospitalization, prenatal, postnatal and well-baby care, surgery and emergency and outpatient care. The plans are exempt from all state laws mandating insurance coverage of certain health care services or certain health care providers. The plans are subject to provisions relating to community rating, guaranteed issuance and guaranteed renewal for individual health insurance policies. The carriers that offer basic care medical plans are authorized to form a pool to distribute the risk of providing coverage to enrollees.

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LD 122 **Resolve, Regarding Uninsured Motorist Coverage in Automobile Insurance Policies** **RESOLVE 100**

<u>Sponsor(s)</u> FISCHER MAYO		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-512
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LD 122 proposed to clarify the Legislature's intent regarding the uninsured motorist statute in response to the recent Law Court decision in *Butterfield v. Norfolk and Dedham Mutual Fire Insurance Company*, 2004 ME 124, Maine Supreme Judicial Court, September 30, 2004. The bill proposed to clarify that an insurance policy may limit uninsured motorist coverage to the recovery of damages by an insured person under the policy for bodily injury, sickness or disease, including death, sustained by that insured person.

Committee Amendment "A" (H-512) changed the title and replaced the bill with a resolve. The amendment proposed to require the Department of Professional and Financial Regulation, Bureau of Insurance, in consultation with interested persons, to study legal and policy issues regarding uninsured vehicle coverage under motor vehicle insurance policies. The amendment would require the bureau to submit a report on the study, including recommended legislation, to the Joint Standing Committee on Insurance and Financial Services no later than December 5, 2005 and authorize the committee to report out a bill following its review of the report.

Enacted law summary

Resolve 2005, chapter 100 requires the Department of Professional and Financial Regulation, Bureau of Insurance, in consultation with interested persons, to study legal and policy issues regarding uninsured vehicle coverage under motor vehicle insurance policies in response to a recent Law Court decision in *Butterfield v. Norfolk and Dedham Mutual Fire Insurance Company*, 2004 ME 124, Maine Supreme Judicial Court, September 30, 2004. The resolve requires the bureau to submit a report on the study, including any recommended legislation, to the Joint Standing Committee on Insurance and Financial Services no later than December 5, 2005 and authorizes the committee to report out a bill following its review of the report.

LD 127 **An Act To Require Health Insurance Policies To Provide Coverage for Physical, Occupational and Speech Therapy** **ONTP**

<u>Sponsor(s)</u> DUDLEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 127 proposed to require individual and group health insurance policies and health maintenance organization contracts to provide coverage for medically necessary rehabilitation services.

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LD 130

An Act To Establish a Single-payor Health Care System

ONTP

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

LD 130 proposed to establish a universal access health care system that offers a choice of coverage through organized delivery systems or through a managed care system operated by the Maine Health Care Agency and channels all health care dollars through a dedicated trust fund.

Part A of the bill proposed to do the following.

1. It establishes the Maine Health Care Plan to provide security through high-quality, affordable health care for the people of the State. All residents and nonresidents who maintain significant contact with the State are eligible for covered health care services through the Maine Health Care Plan. The plan is funded by the Maine Health Care Trust Fund, a dedicated fund receiving payments from employers, individuals and plan members and, after fiscal year 2005, from the 5¢ per package increase in the cigarette tax. The Maine Health Care Plan provides a range of benefits, including hospital services, health care services from participating providers, laboratories and imaging procedures, home health services, rehabilitative services, prescription drugs and devices, mental health services, substance abuse treatment services, dental services, vision appliances, medical supplies and equipment and hospice care. Health care services under the Maine Health Care Plan are provided by participating providers in organized delivery systems and through the open plan, which is available to all providers. The plan is supplemental to other health care programs that may be available to plan members, such as Medicare, Medicaid, the federal Civilian Health and Medical Program of the Uniformed Services, the federal Indian Health Care Improvement Act and workers' compensation.
2. It establishes the Maine Health Care Agency to administer and oversee the Maine Health Care Plan, to act under the direction of the Maine Health Care Council and to administer and oversee the Maine Health Care Trust Fund. The Maine Health Care Council is the decision-making and directing council for the agency and is composed of 3 full-time appointees.
3. It directs the Maine Health Care Agency to establish programs to ensure quality, affordability, efficiency of care and health planning. The agency health planning program includes the establishment of global budgets for health care expenditures for the State and for institutions and hospitals. The health planning program also encompasses the certificate of need responsibilities of the agency pursuant to the Maine Revised Statutes, Title 22, chapter 103-A and the health planning responsibilities pursuant to Title 2, chapter 5.
4. It contains a directive to the State Controller to advance \$400,000 to the Maine Health Care Trust Fund on the effective date, January 1, 2006. This amount must be repaid by the Maine Health Care Agency by June 30, 2007.

Part B of the bill proposed to establish the Maine Health Care Plan Transition Advisory Committee. Composed of 20 members, appointed and subject to confirmation, the committee is charged with holding public hearings, soliciting public comments and advising the Maine Health Care Agency on the transition from the current health care system to the Maine Health Care Plan. Members of the committee serve without compensation but may be reimbursed for their expenses. The committee is directed to report to the Governor and to the Legislature on July 1, 2006, January 1, 2007, July 1, 2007 and December 31, 2007. The committee completes its work on December 31, 2007.

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Part C of the bill proposed to establish the salaries of the members of the Maine Health Care Council and the executive director of the Maine Health Care Agency.

Part D of the bill proposed to prohibit the sale on the commercial market of health insurance policies and contracts that duplicate the coverage provided by the Maine Health Care Plan. It allows the sale of health care policies and contracts that do not duplicate and are supplemental to the coverage of the Maine Health Care Plan.

Part E of the bill proposed to impose a 5¢ per package increase in the cigarette tax beginning December 1, 2005. Proceeds from the cigarette tax increase are paid to the Maine Health Care Trust Fund.

Part F of the bill proposed to direct the Maine Health Care Agency to ensure employment retraining for administrative workers employed by insurers and providers who are displaced by the transition to the Maine Health Care Plan. It directs the Maine Health Care Agency to study the delivery and financing of long-term care services to plan members. Consultation is required with the Maine Health Care Plan Transition Advisory Committee, representatives of consumers and potential consumers of long-term care services and representatives of providers of long-term care services, employers, employees and the public. A report by the committee to the Legislature is due January 1, 2007.

The Maine Health Care Agency is directed to study the provision of health care services under the MaineCare, Medicaid and Medicare programs, waivers, coordination of benefit delivery and compensation, reorganization of State Government necessary to accomplish the objectives of the Maine Health Care Agency and legislation needed to carry out the purposes of the bill. The agency is directed to apply for all waivers required to coordinate the benefits of the Maine Health Care Plan and the Medicaid and Medicare programs. A report by the agency is due to the Legislature by March 1, 2006.

LD 136 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 MOODY	ONTP	

LD 136 proposed to bring commercial insurance contracts under the property insurance cancellation control laws.

LD 161 An Act To Assist Dental Hygienists ONTP

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

LD 161 proposed to require health insurers and health maintenance organizations to provide coverage for services provided by a dental hygienist regardless of the setting in which the services are delivered if those services would be covered if delivered in a dental office.

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The bill would apply to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

LD 229 **Resolve, Directing the Department of Health and Human Services
To Report on Certain MaineCare Practices** **RESOLVE 9**

<u>Sponsor(s)</u> SNOWE-MELLO GLYNN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-64
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LD 229 proposed to direct the Department of Health and Human Services and the Bureau of Insurance to provide a report to the Joint Standing Committee on Insurance and Financial Services regarding the Private Health Insurance Premium Program, including information on the purchase of insurance for persons enrolled in the MaineCare program, costs and savings to the MaineCare program and premium revenues and expenses for claims of the health insurance carriers providing coverage. The resolve proposed to direct health insurance carriers providing coverage under the Private Health Insurance Premium Program to cooperate with the department.

Committee Amendment "A" (S-64) replaced the resolve. It proposed to eliminate the role of the Department of Professional and Financial Regulation, Bureau of Insurance in the required report, add specific information that must be included in the report and require that the Department of Health and Human Services provide the report to both the Joint Standing Committee on Insurance and Financial Services and the Joint Standing Committee on Health and Human Services.

Enacted law summary

Resolve 2005, chapter 9 directs the Department of Health and Human Services to provide a report to the Joint Standing Committees on Insurance and Financial Services and Health and Human Services regarding the Private Health Insurance Premium Program, a program authorized under federal law that permits the State's MaineCare program to purchase private insurance coverage for persons enrolled in MaineCare. The resolve requires that the report include information on the purchase of insurance for persons enrolled in the MaineCare program, the costs and savings to the MaineCare program and the premium revenues and expenses for claims of the health insurance carriers providing coverage. The resolve directs health insurance carriers providing coverage under the Private Health Insurance Premium Program to cooperate with the department.

LD 237 **An Act To Establish a Minimum Amount for Required Interest
Payments by Insurers** **PUBLIC 50**

<u>Sponsor(s)</u> PERRY A		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-43
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LD 237 proposed to establish a minimum dollar amount of interest payable to health care providers under the Maine Revised Statutes, Title 24-A, section 2436 before interest payments must be sent.

Committee Amendment "A" (H-43) replaced the substance of the bill. The amendment proposed to require the Superintendent of Insurance to adopt rules to establish a minimum amount of interest payable to health care

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providers on an overdue undisputed claim before interest payments must be sent pursuant to the Maine Revised Statutes, Title 24-A, section 2436.

Enacted law summary

Public Law 2005, chapter 50 requires the Superintendent of Insurance to adopt rules to establish a minimum amount of interest payable to health care providers on an overdue undisputed claim before interest payments must be sent pursuant to the Maine Revised Statutes, Title 24-A, section 2436.

LD 238 An Act To Amend the Insurance Code Regarding Discontinuance of a Line of Business PUBLIC 49

<u>Sponsor(s)</u> PERRY A		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-44
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LD 238 proposed to amend the provisions relating to a discontinuance of a line of business to allow the Superintendent of Insurance to authorize an insurer to nonrenew a line of business if the insurer demonstrates that there is competition in that line of business.

Committee Amendment "A" (H-44) replaced the bill. The amendment proposed to allow the Superintendent of Insurance to authorize an insurer to discontinue a line of business if the insurer demonstrates the availability of substantially similar coverage in the admitted market.

Enacted law summary

Public Law 2005, chapter 49 amends the provisions relating to a discontinuance of a line of business to allow the Superintendent of Insurance to authorize an insurer to nonrenew a line of business if the insurer demonstrates the availability of substantially similar coverage in the admitted market from other insurers.

LD 269 An Act To Reduce the Minimum Participation Requirements of Insurance Carriers ONTP

<u>Sponsor(s)</u> PLOWMAN GLYNN		<u>Committee Report</u> ONTP MAJ OTP-AM MIN		<u>Amendments Adopted</u>
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Under current law, for purposes of guaranteed renewal, health insurance carriers are permitted to impose minimum participation requirements that may not exceed 75%. LD 269 proposed to reduce the minimum participation requirement to 60%.

Committee Amendment "A" (S-73) is the minority report of the committee and replaced the substance of the bill. The amendment proposed to reduce the minimum participation requirement for small groups with 10 or fewer members to 70% upon renewal of a small group policy. The 75% minimum participation requirement at the time of issuance of the policy remains unchanged. Committee Amendment "A" was not adopted.

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LD 294

An Act To Give Consumers the Option To Buy Cheaper Individual Health Insurance and Have Better Choices from Other States

INDEF PP

Sponsor(s)
GLYNN

Committee Report
JT RULE 309

Amendments Adopted

Beginning January 1, 2006, LD 294 proposed to permit out-of-state health insurers, which are referred to as foreign insurers in the Maine Insurance Code, to offer their individual health plans for sale in this State if certain requirements of Maine law are met, including minimum capital and surplus and reserve requirements, disclosure and reporting requirements and grievance procedures. It also would permit Maine health insurers to offer individual health plans of out-of-state parent or subsidiary health insurers if similar requirements are met. If out-of-state health plans are offered for sale in this State, the bill proposed to require that prospective enrollees be provided adequate disclosure of how the plans differ from Maine health plans in a format approved by the Superintendent of Insurance.

LD 294 also proposed to prohibit an insurance producer from holding an appointment to sell out-of-state health plans to residents in this State unless the producer also holds a valid producer license in the state of domicile for that health insurer.

LD 311

An Act To Prohibit Steering in Automobile Insurance

PUBLIC 101

Sponsor(s)
GLYNN

Committee Report
OTP-AM

Amendments Adopted
H-136

LD 311 proposed to prohibit automobile insurers from steering claimants to particular repair shops or garages and prohibits an insurer from denying a claim because a claimant refuses to have the damage repaired at a repair shop or garage recommended by the insurer.

Committee Amendment "A" (H-136) replaced the bill. The amendment would regulate the relationship between auto insurers and auto repair shops in the same manner as between auto insurers and auto glass shops by preventing auto insurers from directly or indirectly requiring insureds' auto repairs to be made in a specified place of business. The amendment proposed to prohibit an insurer from recommending the use of a particular repair service unless the insurer discloses that the claimant is under no obligation to use the recommended repair service.

The amendment also proposed to require the Department of Professional and Financial Regulation, Bureau of Insurance to issue a bulletin regarding this provision by November 1, 2005 to insurance companies and insurance producers who place motor vehicle insurance.

Enacted law summary

Public Law 2005, chapter 101 regulates the relationship between auto insurers and auto repair shops in the same manner as between auto insurers and auto glass shops by preventing auto insurers from directly or indirectly requiring insureds' auto repairs to be made in a specified place of business. The law prohibits an insurer from recommending the use of a particular repair service unless the insurer discloses that the claimant is under no obligation to use the recommended repair service.

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Public Law 2005, chapter 101 also requires the Department of Professional and Financial Regulation, Bureau of Insurance to issue a bulletin regarding this provision by November 1, 2005 to insurance companies and insurance producers who place motor vehicle insurance.

LD 335 **An Act To Clarify the Definition of "Eligible Group" in Small Group Health Insurance Plans** **ONTP**

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 335 proposed to clarify the definition of "eligible group" as it applies to small group health plans by specifying that a majority of the employees in the group must be employed in the State. This bill also changes a cross-reference in the Maine Consumer Choice Health Plan to maintain the current definition of "eligible group."

LD 338 **An Act To Clarify the Applicability of the Maine Consumer Credit Code to Affordable Housing Organizations** **PUBLIC 55**

<u>Sponsor(s)</u> MAYO RICHARDSON J		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-65
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LD 338 proposed to add a provision to the Maine Consumer Credit Code to exempt no-interest credit sales made by any affiliate of an international nonprofit housing organization that builds and renovates affordable housing that is sold for no profit to the organization from the Code's provisions, other than the truth-in-lending provisions of Article 8 and certain administration provisions of Article 6.

Committee Amendment "A" (S-65) replaced section 3 of the bill to alter the language describing the transactions excluded from the provisions of the Maine Consumer Credit Code and the nonprofit organization that makes those transactions.

Enacted law summary

Public Law 2005, chapter 55 clarifies that the Maine Consumer Credit Code does not apply to no-interest credit sales by a nonprofit organization that assists in building and renovating housing for those in need, except for the truth-in-lending provisions of Article 8 and certain administration provisions of Article 6.

LD 346 **An Act To Amend Group Insurance Funding Requirements** **PUBLIC 98**

<u>Sponsor(s)</u> PERRY J PERRY A		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-83
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LD 346 proposed to authorize a self-insured group workers' compensation trust that has been in existence for 10 years to fund at the 65% or higher confidence level upon approval of the superintendent.

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Committee Amendment "A" (S-83) replaced the bill. The amendment proposed to retain the substance of the bill to provide that a self-insured group workers' compensation trust that has been in existence for 10 years may, upon approval of the superintendent, fund at the 65% or higher confidence level. The amendment also proposed to establish criteria for the superintendent's review of a request by an individual or group self-insurer for a reduction in the required confidence level.

Enacted law summary

Public Law 2005, chapter 98 provides that a self-insured group workers' compensation trust that has been in existence for 10 years may, upon approval of the superintendent, fund at the 65% or higher confidence level. The law also establishes criteria for the superintendent's review of a request by an individual or group self-insurer for a reduction in the required confidence level.

LD 376 **An Act To Enhance Uniformity of Insurance Producer Licensing** **PUBLIC 43**

<u>Sponsor(s)</u> FISCHER		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-45
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LD 376 proposed to eliminate the biennial continuation fee for producers with independent producer authority and to eliminate the limited "annuities contracts" license. The bill also proposed to authorize the superintendent to establish by rule the number, not to exceed 30, of continuing education credit hours required of resident producer and consultant licensees under the Maine Insurance Code rather than continue to specify the number of hours by law, in order to facilitate flexibility and enhance the ability to remain compliant with uniformity initiatives.

Committee Amendment "A" (H-45) incorporated a fiscal note.

Enacted law summary

Public Law 2005, chapter 43 eliminates the biennial continuation fee for producers with independent producer authority, as such licensees are the only producers still subject to such a fee. It also eliminates the limited "annuities contracts" license. Finally, it authorizes the superintendent to establish by rule the number, not to exceed 30, of continuing education credit hours required of resident producer and consultant licensees under the Maine Insurance Code.

LD 394 **An Act To Create a High-risk Pool in the Health Insurance Market** **ONTP**

<u>Sponsor(s)</u> MCKANE WESTON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 394 proposed 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 would fund the high-risk pool through an assessment on insurers. An individual insured through the high-risk pool may be charged a

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premium up to 150% of the average premium rates charged by carriers for similar health insurance plans. 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 proposed to broaden the community rating laws to allow carriers to vary premiums on the basis of age within a maximum rate differential on a ratio of 4 to one and on the basis of health status and tobacco use within a maximum rate differential on a ratio of 1.5 to one. The bill also removes the guaranteed issuance requirement for individual health plans, effective October 1, 2005.

LD 408 An Act Limiting Recovery of Disability Benefits Subject to Offsets PUBLIC 42

<u>Sponsor(s)</u> PERRY J		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-23
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LD 408 proposed to limit the rate at which an insurer's overpayment of disability income benefits may be recovered by the insurer through offsets against current payments to the insured.

Committee Amendment "A" (S-23) proposed to limit the rate at which an insurer's overpayment of disability income benefits may be recovered by the insurer through offsets to 20% against current payments to the insured instead of the 10% limit on the rate of recovery proposed in the bill. The amendment also clarified that the requirements for disclosure to insureds relate only to disability income policies that were applied for after September 13, 2003.

Enacted law summary

Public Law 2005, chapter 42 limits the rate at which an insurer's overpayment of disability income benefits may be recovered by the insurer through offsets against current payments to the insured to 20%. The law also clarifies that the requirements for disclosure to insureds relate only to disability income policies that were applied for after September 13, 2003.

LD 409 An Act To Clarify the Superintendent of Insurance's Authority To Assess Civil Penalties PUBLIC 41

<u>Sponsor(s)</u> MILLS P		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-22
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LD 409 proposed to amend the Maine Revised Statutes, Title 24-A, section 12-A to delete the provision requiring the Superintendent of Insurance to give the Attorney General 90 days to elect to pursue a disciplinary action in Superior Court before the superintendent can proceed with an administrative action in the matter.

The bill proposed to add language requiring the superintendent to give the Attorney General or the Attorney General's designee notice of any adjudicatory hearing scheduled in which civil penalties may be assessed.

Committee Amendment "A" (S-22) proposed to amend the Maine Revised Statutes, Title 24-A, section 12-A to delete the provision requiring the Superintendent of Insurance to give the Attorney General 90 days to elect to

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pursue a disciplinary action in Superior Court before the superintendent may proceed with an administrative action in the matter. The amendment clarified that the Superintendent of Insurance may not assess a civil penalty if the Attorney General elects to pursue an action in Superior Court for the same conduct.

Enacted law summary

Public Law 2005, chapter 41 amends the Maine Revised Statutes, Title 24-A, section 12-A to delete the provision requiring the Superintendent of Insurance to give the Attorney General 90 days to elect to pursue a disciplinary action in Superior Court before the superintendent may proceed with an administrative action in the matter. The law clarifies that the Superintendent of Insurance may not assess a civil penalty if the Attorney General elects to pursue an action in Superior Court for the same conduct.

LD 414 An Act To Require a Credit Card To Contain the Photo and Signature of the Cardholder ONTP

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

LD 414 proposed to require that credit cards issued after January 1, 2010 to cardholders who reside in Maine contain the photographs and signatures of the cardholders.

LD 416 An Act To Amend the Laws Regarding Submission of Health Insurance Claims PUBLIC 97

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS P	OTP-AM	S-85

LD 416 proposed to exempt insurers from paying interest on health care provider claims that are received more than 30 days after the date of service. This bill also proposed to require that, with the exception of emergency room and pathology services, health insurance claims for professional services be submitted on the standard federal form used by noninstitutional providers and suppliers to bill for Medicare Part B covered services, also known as the "CMS 1500" form, published by the Centers for Medicare and Medicaid Services.

Committee Amendment "A" (S-85) replaced the bill and removed the provision relating to interest payments on health insurance claims. The amendment proposed to require that all health insurance claims for services of a health care practitioner provided in an office setting be submitted on the standard federal form known as the "CMS 1500" form published by the federal Centers for Medicare and Medicaid Services. The amendment also clarified that claims for services provided in nonoffice settings may be negotiated.

Enacted law summary

Public Law 2005, chapter 97 requires that all health insurance claims for services of a health care practitioner provided in an office setting be submitted on the standard federal form known as the "CMS 1500" form used by

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noninstitutional providers to bill for Medicare Part B covered services. The law also clarifies that claims for services provided in nonoffice settings may be negotiated.

LD 447 An Act To Require Health Insurers To Cover the Costs of Hearing Aids CARRIED OVER

<u>Sponsor(s)</u> EDMONDS		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-149
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LD 447 proposed to require health insurance policies, contracts and certificates to provide coverage for hearing aids for persons 21 years of age and under. The provisions would apply to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

Committee Amendment "A" (S-149) proposed to require health insurance policies, contracts and certificates to provide coverage for hearing aids for persons 18 years of age and under. The bill required coverage for persons 21 years of age and under. The amendment would allow insurance policies to limit coverage to \$1,400 per hearing aid every 36 months. The provisions apply to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

Committee Amendment "A" was enacted in the House, but placed on the Special Appropriations Table in the Senate.

LD 447 was carried over on the Special Appropriations Table by S.P. 640 to the next special or regular session of the 122nd Legislature.

LD 448 An Act To Require Health Insurers To Cover the Cost of Sign Language Interpreters for All Nonhospital Medical Appointments ONTP

<u>Sponsor(s)</u> EDMONDS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 448 proposed to require health insurance policies and contracts to provide coverage for the provision of sign language interpreter services at all applicable nonhospital medical and dental care appointments for a deaf or hard-of-hearing person whose hearing loss has been documented by a physician or a licensed audiologist.

LD 464 An Act To Prohibit Certain Uses of a Financial Institution's Name PUBLIC 46

<u>Sponsor(s)</u> MAYO PERRY A		<u>Committee Report</u> OTP-AM MAJ ONTP MIN		<u>Amendments Adopted</u> S-24
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LD 464 proposed to prohibit a person from using the name of a financial institution in the solicitation of insurance without the express written permission of that financial institution.

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Committee Amendment "A" (S-24) proposed to clarify that a person may not use the name of a financial institution in the solicitation of insurance without the express written permission of that financial institution unless the person discloses that permission has not been granted and that there is no affiliation with that financial institution.

Enacted law summary

Public Law 2005, chapter 46 prohibits a person from using the name of a financial institution in the solicitation of insurance without the express written permission of that financial institution unless the person discloses that permission has not been granted and that there is no affiliation with that financial institution.

LD 509

An Act To Adopt the Maine Uniform Securities Act

PUBLIC 65

Sponsor(s)
PERRY A

Committee Report
OTP-AM

Amendments Adopted
H-103

LD 509 proposed to do the following:

1. Part A of this bill enacts the Maine Uniform Securities Act.
2. Part B authorizes the Superintendent of Insurance to adopt certain rules.
3. Part C corrects cross references.

Committee Amendment "A" (H-103) proposed to make the following changes to the bill.

1. It clarifies that a credit union is exempt from the definition of broker-dealer as are other financial institutions;
2. It clarifies that the filing fee that must be paid before a viatical or life settlement contract may be offered for sale in this State is nonrefundable;
3. It provides authority to the Securities Administrator to waive the renewal fee for licensed agents or investment adviser representatives who are members of the National Guard or Reserves of the United States Armed Forces on active duty;
4. It changes the effective date from January 1, 2006 to December 31, 2005; and
5. It makes other technical and grammatical changes.

Enacted law summary

Public Law 2005, chapter 65 enacts the Maine Uniform Securities Act based on the Uniform Securities Act drafted by the National Conference of Commissioners on Uniform State Laws. The law updates and revises the current Revised Maine Securities Act. The law becomes effective December 31, 2005.

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The law provides the framework for the regulation of the sale of securities in this State and retains the licensing requirements for securities entities and professionals. The law also requires that issuers of securities products register those products unless certain conditions are met. Exempt transactions include those securities issued by any issuer up to 10 purchasers, those securities issued by a Maine-based issuer to up to 25 purchasers, and nonpublic offerings.

The law retains the requirement that viatical and life settlement contracts must be treated as securities when sold as an investment and requires that issuers offering or selling viatical and life settlement contracts as investments register with state regulators.

The law increases the maximum administrative fine for securities violations from \$1500 to \$5000.

The law also authorizes the Superintendent of Insurance to conduct rulemaking regarding the suitability of sales of variable annuity products.

LD 541

An Act To Amend the Laws Related to Cancellation and Nonrenewal of Insurance

PUBLIC 114

Sponsor(s)
MAYO
FISCHER

Committee Report
OTP-AM

Amendments Adopted
S-105

LD 541 proposed to amend the uninsured vehicle coverage requirements to clarify that an insurance policy may define the scope of coverage of the policy. This legislation is required as a result of *Butterfield v. Norfolk and Dedham Mutual Fire Insurance Company*, 2004 ME 124 and adopts the position of the dissenting opinion in that case.

This bill also proposed to clarify that a transfer of a policy from an insurer to an affiliate, with notice, is not a cancellation or a nonrenewal of the policy since coverage is in fact being renewed.

Committee Amendment "A" (S-105) replaced the bill. The amendment removed the section of the bill relating to uninsured motorist coverage. The amendment proposed to clarify that a transfer of a policy from an insurer to an affiliate is considered a renewal of a policy and also proposed to clarify that an insured be given notice prior to renewal of any changes in terms that are less favorable to the insured under a policy that has been transferred to an affiliate.

Enacted law summary

Public Law 2005, chapter 114 clarifies that a transfer of a policy from an insurer to an affiliate is considered a renewal of a policy not a cancellation or nonrenewal of that policy. The law also requires that an insured be given notice prior to renewal of any changes in terms that are less favorable to the insured under a policy that has been transferred to an affiliate.

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LD 543 **An Act To Prohibit an Insurer from Cancelling an Insurance Policy due to Ownership of Certain Breeds of Dog** **ONTP**

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

LD 543 proposed to prohibit the cancellation or nonrenewal of a property insurance policy solely on the basis of a policyholder's ownership of a certain breed of dog. The bill also proposed to prohibit an increase in the premium for the policy. The bill's provision does not apply if a dog has been designated as a "dangerous dog" in accordance with state law.

Committee Amendment "A" (S-84) is the minority report of the committee. The amendment proposed to prohibit only the cancellation of a property insurance policy solely on the basis of a policyholder's ownership of a certain breed of dog. The amendment also corrects a reference to the procedure for designating a dog as a "dangerous dog" in accordance with state law. Committee Amendment "A" was not adopted.

LD 568 **An Act To Eliminate the Minimum Premium for Workers' Compensation Insurance** **ONTP**

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

LD 568 proposed to prohibit workers' compensation insurers from including a minimum premium as part of their rates.

LD 587 **An Act To Make Changes to the Banking Laws** **PUBLIC 82**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM	S-78

LD 587 proposed to make several changes to the banking laws in the Maine Revised Statutes, Title 9-B.

1. The bill amends the definitions of "savings account" and "service corporation" and replaces the terms "capital stock" and "preferred stock" in several sections of the banking laws with the term "equity interest," which is a defined term in the banking laws.
2. The bill clarifies that the Superintendent of Financial Institutions may restrict withdrawal of funds to protect investors.
3. The bill clarifies that both initial and subsequent capital contributions to organize a financial institution must be in the form of cash, unless otherwise approved by the Superintendent of Financial Institutions.

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4. The bill enacts language establishing a certificate that is evidence of conversion from a federal to a state charter that will be filed with the Secretary of State.
5. The bill changes the current notification procedure for issuance of new bank capital to an approval process.
6. The bill clarifies that a credit union may organize or invest in a service corporation regardless of its business structure so long as it is structured to limit the credit union's exposure to loss.
7. The bill clarifies the law governing the use of the restricted term "credit union," bringing the law into conformance with the provisions governing use of other restricted terms: "bank," "savings" and "trust."
8. The bill incorporates a provision that requires only those Maine financial institution holding companies that do not have to file notice with the United States Securities and Exchange Commission to first receive approval of the superintendent before issuance of equity interest or capital notes.
9. The bill clarifies the authority of the superintendent to examine a holding company of a nondepository trust company or merchant bank, including its subsidiaries and affiliates.

Committee Amendment "A" (S-78) proposed to clarify that the Superintendent of Financial Institutions may issue a certificate indicating approval of the conversion of a national bank to a state-chartered financial institution and that the certificate issued by the superintendent is conclusive evidence of a conversion. The bill's language only applies to the conversion of a federally chartered savings bank to a state-chartered financial institution.

Enacted law summary

Public Law 2005, chapter 82 makes several changes to the banking laws in the Maine Revised Statutes, Title 9-B.

1. The law amends the definitions of "savings account" and "service corporation" and replaces the terms "capital stock" and "preferred stock" with the term "equity interest."
2. The law clarifies that the Superintendent of Financial Institutions may restrict withdrawal of funds to protect investors.
3. The law clarifies that both initial and subsequent capital contributions to organize a financial institution must be in the form of cash, unless otherwise approved by the Superintendent of Financial Institutions.
4. The law enacts language authorizing the Superintendent of Financial Institutions to issue a certificate as evidence of conversion from a federally-chartered savings bank to a state chartered financial institution.
5. The law changes the current notification procedure for issuance of new bank capital to an approval process.
6. The law clarifies that a credit union may organize or invest in a service corporation regardless of its business structure so long as it is structured to limit the credit union's exposure to loss.
7. The law clarifies the law governing the use of the restricted term "credit union," bringing the law into conformance with the provisions governing use of other restricted terms: "bank," "savings" and "trust."
8. The law incorporates a provision that requires only those Maine financial institution holding companies that do not have to file notice with the United States Securities and Exchange Commission to first receive approval of the superintendent before issuance of equity interest or capital notes.

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9. The law clarifies the authority of the superintendent to examine a holding company of a nondepository trust company or merchant bank, including its subsidiaries and affiliates.

LD 590 **An Act Regarding Medical Malpractice Insurance Rate Filings** **ONTP**

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

LD 590 proposed to require the Superintendent of Insurance to make medical malpractice filings open to the public and to hold a public hearing for any filing requesting a rate increase over 5%.

LD 596 **An Act To Make Insurance Coverage Available for Medically Necessary Breast Reduction and Symptomatic Varicose Vein Surgery** **PUBLIC 128**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY A	OTP-AM	H-212

LD 596 proposed to require health insurance carriers doing business in Maine to provide coverage for medically necessary breast reduction and symptomatic varicose vein surgery in individual and group policies, contracts and certificates.

Committee Amendment "A" (H-212) replaced the bill and changed the title. It proposed to change the bill to a mandated offer of coverage and require health insurance carriers to make available coverage for medically necessary breast reduction surgery and symptomatic varicose vein surgery in individual and group policies, contracts and certificates.

Enacted law summary

Public Law 2005, chapter 128 requires health insurance carriers to make available coverage through a mandated offer for medically necessary breast reduction surgery and symptomatic varicose vein surgery in individual and group policies, contracts and certificates.

The law applies to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

LD 600 **An Act To Save the Health Care System Money by Ensuring Timely Denials of Claims** **PUBLIC 58**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	OTP-AM	H-102

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LD 600 proposed to require a health insurance carrier that is the primary payor of an undisputed insurance claim to make the payment within 90 days. If the payment is not made, the bill would permit a health care provider to assume the claim has been denied and submit that claim to a secondary payor such as the MaineCare or Medicare program. The bill proposed to require the MaineCare program to pay claims submitted by a provider that have not been paid by the primary carrier within 90 days if MaineCare qualifies as a secondary payor of the claim. The bill also would require that a health care provider reimburse the secondary payor for any payments if the primary carrier pays any claims after 90 days. The bill also proposed to direct carriers to report annually regarding claims not paid within 90 days and the reasons for the delays.

Committee Amendment "A" (H-102) replaced the bill. The amendment proposed to clarify that in cases where coverage may be available from more than one carrier, a claimant may file a claim with each carrier at the same time. It also clarified that each carrier must make an independent determination as to payment or denial of the claim without delaying that determination until the other carrier has acted. The amendment also proposed to require that any payments made by a carrier must be made in accordance with current rules relating to coordination of benefits.

Enacted law summary

Public Law 2005, chapter 58 clarifies that, in cases where coverage may be available from more than one health insurance carrier, a claimant may file a claim with each carrier at the same time. It also clarifies that each carrier must make an independent determination as to payment or denial of the claim without delaying that determination until the other carrier has acted. The law also requires that any payments made by a carrier must be made in accordance with current rules relating to coordination of benefits.

LD 743 **An Act To Streamline the Appeals Process for the Determination of Certain Health Insurance Benefits** **ONTP**

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

LD 743 proposed to eliminate the requirement that health insurance carriers offer members in the nongroup market nonbinding arbitration for the determination of certain benefits.

LD 767 **An Act To Improve the Affordability of Health Insurance** **PUBLIC 125**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	OTP-AM	H-211

LD 767 proposed to prohibit the adoption of new health insurance mandates unless the rate of increase in the Consumer Price Index for medical care services remains at zero or less than zero for 2 consecutive years.

Committee Amendment "A" (H-211) replaced the bill. The amendment proposed to require that the Department of Professional and Financial Regulation, Bureau of Insurance include a comparison of the rate of increase in the Consumer Price Index for medical services to the rate of increase in the Consumer Price Index for the previous year and current year in any review and evaluation prepared on a mandated health benefit proposal.

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Enacted law summary

Public Law 2005, chapter 125 requires that the Bureau of Insurance include a comparison of the rate of increase in the Consumer Price Index for medical services to the rate of increase in the Consumer Price Index for the previous year and current year in all reports evaluating the social and financial impact and medical efficacy of proposed mandated health benefit legislation submitted to the Legislature.

LD 770 **An Act To Provide Disclosure Related to Workers' Compensation Insurance** **ONTP**

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

LD 770 proposed to require that workers' compensation insurers disclose to employers the basis for scheduled rating and other incentive adjustments to their premiums. It also would require that, upon request when a policy is issued, companies provide employers with information regarding the status and justification of subrogation decisions during the previous year.

LD 888 **An Act To Require Health Insurers and Health Maintenance Organizations To Issue Uniform Prescription Drug Benefit Cards** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO	ONTP MAJ	
PERRY A	OTP MIN	

LD 888 proposed to require that health insurers and health maintenance organizations issue uniform prescription drug cards with standardized information relating to the prescription drug benefits provided under a health plan. The bill allows the standard information to be included on an existing identification card used by an insurer or health maintenance organization instead of requiring that the insurer or health maintenance organization issue a separate card. The bill would apply to all policies, contracts and certificates issued on or after January 1, 2006.

LD 898 **An Act To Preserve Dirigo Health** **ONTP**

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

LD 898 is a concept draft pursuant to Joint Rule 208. This bill proposed to make the following changes to the laws governing health insurance and the Dirigo Health program:

1. It would require that, rather than contracting out for health insurance services, Dirigo Health offer health insurance provided by a private health insurance company that would be modeled on Maine Employers' Mutual Insurance Company;

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2. It would require that premiums for health insurance under Dirigo Health be set at 5% of the individual's income;
3. It would repeal guaranteed issue requirements;
4. It would create a high-risk pool;
5. It would establish a schedule of required copayments for health care services;
6. It would repeal all state-mandated health insurance coverage;
7. It would require the Executive Director of Dirigo Health to maximize use of Medicaid funds;
8. It would ensure portability of health insurance policies; and
9. It would provide that payments for health insurance be tax deductible.

LD 909 **An Act To Help Home Day Care Providers Obtain Homeowners and Liability Insurance** **ONTP**

<u>Sponsor(s)</u> DUPREY PLOWMAN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 909 proposed to require reasonable justification for an insurer to cancel or deny insurance or charge a rate 50% higher than that of a homeowner for property or casualty insurance to a home day care provider. The bill also proposed to require home day care providers to carry liability insurance.

LD 920 **An Act To Require Insurance Companies To Provide Truthful Information** **ONTP**

<u>Sponsor(s)</u> BRYANT- DESCHENES		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 920 proposed to require insurance companies that issue fire insurance policies on property located in the State to separately disclose to the insured in writing information regarding the insured's responsibility if loss occurs, the process for an appraisal and appointment of an umpire to resolve conflicts over loss amounts and the applicable statute of limitations for court actions against the insurer.

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LD 922 **An Act Regarding Insurance Payments When an Automobile Is Totaled** **ONTP**

<u>Sponsor(s)</u> BRYANT- DESCHENES		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 922 proposed to require insurers that provide motor vehicle insurance to provide coverage in an amount equal to the suggested retail price of a motor vehicle when a motor vehicle insured by the insurer is declared a total loss. The bill would prohibit insurers from limiting payments to the suggested wholesale price of the motor vehicle.

LD 933 **An Act To Amend the Maine Life and Health Insurance Guaranty Association Act** **PUBLIC 346**

<u>Sponsor(s)</u> BEAUDETTE SULLIVAN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-621
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LD 933 is a concept draft pursuant to Joint Rule 208. This bill proposed to update the Maine Life and Health Insurance Guaranty Association Act to conform to the Life and Health Insurance Guaranty Association Model Act as developed by the National Association of Insurance Commissioners.

Committee Amendment "A" (H-621) replaced the bill, which is a concept draft pursuant to Joint Rule 208. Under current law, the Maine Life and Health Insurance Guaranty Association Act provides a mechanism to provide payment of benefits and continuation of coverage under an individual life or health insurance policy or annuity contract and under certificates of group coverage when an insurance company doing business in this State becomes financially impaired or insolvent. The amendment proposed to update and revise the current law in conformance with the model act from the National Association of Insurance Commissioners.

The amendment proposed to do the following.

1. It clarifies that the Act provides protection to persons covered under both individual and group life and health policies and annuity contracts.
2. It establishes the conditions under which persons who are payees or beneficiaries under a structured settlement annuity are eligible for coverage.
3. It clarifies that nonresidents may be covered under the Act in certain circumstances.
4. It adds certain exceptions, including policies and contracts issued to a self-insured or uninsured plan, policies and contracts issued by a member insurer at a time when that insurer was not licensed in this State and unallocated annuity contracts.
5. It establishes that the limits for coverage provided by the association may not exceed the lesser of the contractual obligations of the impaired or insolvent insurer under the policy or \$300,000 for life insurance

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death benefits, \$300,000 for disability, long-term care insurance or other limited benefit health insurance, \$500,000 for health insurance and \$100,000 in the present value of annuity benefits.

6. It allows meetings and records of the association to be open to the public upon majority vote of the association's board of directors.
7. It establishes the powers of the association to take action following an insolvency of a member insurer to either provide payment of benefits or continue coverage for persons covered under a policy or contract of the insolvent insurer. The amendment also provides the conditions under which substitute coverage through an alternative policy or reissued policy may be extended to covered persons.
8. It permits the association to request policy liens or moratoriums on payments from a court.
9. It gives the Superintendent of Insurance the powers and duties of the association in the event the association fails to take action with respect to an impaired or insolvent insurer in a timely manner.
10. It clarifies the standing of the association to appear before any court or agency in this State in an action relating to an impaired or insolvent insurer or matters germane to the powers and duties of the association.
11. It clarifies the subrogation rights of the association.
12. It permits the association to elect within one year of the date the association becomes responsible for obligations of a member insurer to succeed to the rights and obligations of that impaired or insolvent insurer through reinsurance agreements.
13. It establishes the authority of the association to make 2 classes of assessment: Class A assessments to support the administrative costs of the association and Class B assessments to carry out the powers and duties of the association with regard to a particular impairment or insolvency of a member insurer. The amendment also provides the method for determining the amount of any Class A or Class B assessment.
14. It requires the Superintendent of Insurance to notify other insurance commissioners and the association when the superintendent revokes or suspends the license or authority of a member insurer or makes a formal order relating to that member insurer. The amendment also requires the superintendent to report to the association if an examination of a member insurer results in reasonable cause to believe that a member insurer may be impaired or insolvent.
15. It requires the association, upon a majority vote of the board of directors, to notify the superintendent of any information indicating a member insurer may be impaired or insolvent and to make reports and recommendations to the superintendent upon any matters germane to the solvency of a member insurer.
16. It repeals the requirement that the association make annual reports to the Legislature and removes the requirement that the association notify the Legislature when the association has voted to levy an assessment because of a shortfall in the amount of money needed by the association to meet its payment obligations.
17. It prohibits insurers, insurance agents and other persons from using the existence of the guaranty association in the advertising, sale or solicitation of insurance covered under the chapter.
18. It permits a member insurer to offset against its premium tax liability any Class B assessments paid by the member insurer because of an insolvency. The provision allows a member insurer to offset 20% of the

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assessment in each of the 5 years following the assessment. The amendment requires that any refunded assessments that have been offset must be recaptured as required by the State Tax Assessor and also requires the association to notify the Superintendent of Insurance and the State Tax Assessor regarding the issuance of refunds. The premium offset provision applies to assessments paid to the association by a member insurer on or after January 1, 2005.

19. The amendment makes clear the changes to current law do not apply to any insurer that is insolvent or unable to meet its contractual obligations at the time the changes become effective.

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Enacted law summary

Under current law, the Maine Life and Health Insurance Guaranty Association Act provides a mechanism to provide payment of benefits and continuation of coverage under an individual life or health insurance policy or annuity contract and under certificates of group coverage when an insurance company doing business in this State becomes financially impaired or insolvent. Public Law 2005, chapter 346 updates and revises the current law in conformance with the model act from the National Association of Insurance Commissioners.

Public Law 2005, chapter 346 does the following.

1. It clarifies that the Act provides protection to persons covered under both individual and group life and health policies and annuity contracts.
2. It establishes the conditions under which persons who are payees or beneficiaries under a structured settlement annuity are eligible for coverage.
3. It clarifies that nonresidents may be covered under the Act in certain circumstances.
4. It adds certain exceptions, including policies and contracts issued to a self-insured or uninsured plan, policies and contracts issued by a member insurer at a time when that insurer was not licensed in this State and unallocated annuity contracts.
5. It establishes that the limits for coverage provided by the association may not exceed the lesser of the contractual obligations of the impaired or insolvent insurer under the policy or \$300,000 for life insurance death benefits, \$300,000 for disability, long-term care insurance or other limited benefit health insurance, \$500,000 for health insurance and \$100,000 in the present value of annuity benefits.
6. It allows meetings and records of the association to be open to the public upon majority vote of the association's board of directors.
7. It establishes the powers of the association to take action following an insolvency of a member insurer to either provide payment of benefits or continue coverage for persons covered under a policy or contract of the insolvent insurer. The law also provides the conditions under which substitute coverage through an alternative policy or reissued policy may be extended to covered persons.
8. It permits the association to request policy liens or moratoriums on payments from a court.
9. It gives the Superintendent of Insurance the powers and duties of the association in the event the association fails to take action with respect to an impaired or insolvent insurer in a timely manner.
10. It clarifies the standing of the association to appear before any court or agency in this State in an action relating to an impaired or insolvent insurer or matters germane to the powers and duties of the association.
11. It clarifies the subrogation rights of the association.
12. It permits the association to elect within one year of the date the association becomes responsible for obligations of a member insurer to succeed to the rights and obligations of that impaired or insolvent insurer through reinsurance agreements.

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13. It establishes the authority of the association to make 2 classes of assessment: Class A assessments to support the administrative costs of the association and Class B assessments to carry out the powers and duties of the association with regard to a particular impairment or insolvency of a member insurer. The law also provides the method for determining the amount of any Class A or Class B assessment.
14. It requires the Superintendent of Insurance to notify other insurance commissioners and the association when the superintendent revokes or suspends the license or authority of a member insurer or makes a formal order relating to that member insurer. The law also requires the superintendent to report to the association if an examination of a member insurer results in reasonable cause to believe that a member insurer may be impaired or insolvent.
15. It requires the association, upon a majority vote of the board of directors, to notify the superintendent of any information indicating a member insurer may be impaired or insolvent and to make reports and recommendations to the superintendent upon any matters germane to the solvency of a member insurer.
16. It repeals the requirement that the association make annual reports to the Legislature and removes the requirement that the association notify the Legislature when the association has voted to levy an assessment because of a shortfall in the amount of money needed by the association to meet its payment obligations.
17. It prohibits insurers, insurance agents and other persons from using the existence of the guaranty association in the advertising, sale or solicitation of insurance covered under the chapter.
18. It permits a member insurer to offset against its premium tax liability any Class B assessments paid by the member insurer because of an insolvency. The provision allows a member insurer to offset 20% of the assessment in each of the 5 years following the assessment. The law requires that any refunded assessments that have been offset must be recaptured as required by the State Tax Assessor and also requires the association to notify the Superintendent of Insurance and the State Tax Assessor regarding the issuance of refunds. The premium offset provision applies to assessments paid to the association by a member insurer on or after January 1, 2005.
19. The law makes clear the changes to current law do not apply to any insurer that is insolvent or unable to meet its contractual obligations at the time the changes become effective.

LD 949

An Act To Enhance the Supervisory Powers of the Department of Professional and Financial Regulation, Bureau of Financial Institutions

**PUBLIC 83
EMERGENCY**

Sponsor(s)
MILLS P

Committee Report
OTP-AM

Amendments Adopted
S-79

LD 949 proposed to change the banking laws to clarify certain provisions and provide additional regulatory powers essential to effective regulation of Maine chartered banks and credit unions.

1. The bill clarifies the definition of deposit production offices and amends the statutory prohibition for the operation of deposit production offices to more closely align it to federal law.

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2. The bill establishes procedures for the appointment of a conservator in the event that a financial institution is operating in an unsafe or unsound or other potentially hazardous condition and needs to reorganize or be put into a sound condition. Conservation is a step that can be taken, specifically in the case of limited purpose financial institutions whose accounts are not insured by a federal insurance agency, before liquidation is ordered by the Superintendent of Financial Institutions.
3. The bill clarifies the superintendent's authority to order an institution closed and the appointment of a receiver and sets forth additional authority and limitation from liability in conservation or liquidation.
4. The bill establishes a notification procedure that must be followed if a state-chartered financial institution makes a fundamental change in asset composition.
5. The bill establishes an asset pledge requirement that the superintendent may enforce in a nondepository trust company, merchant bank or uninsured bank as necessary for the protection of the public.
6. This bill clarifies existing authority of the superintendent to remove an officer or director from office or prohibit further participation by the officer or director in the conduct of the affairs of a financial institution or a financial institution holding company when similar action has been taken by the appropriate federal banking agency or when an officer or director has evidenced dishonesty or unfitness by conduct with respect to another business entity.

Committee Amendment "A" (S-79) proposed to clarify the rule-making authority of the Superintendent of Financial Institutions by making the language in that subsection referring to a change in asset composition of a financial institution consistent with the rest of the section of law. The amendment also added an emergency preamble and emergency clause to the bill.

Enacted law summary

Public Law 2005, chapter 83 makes the following changes to the banking laws.

1. It clarifies certain provisions and provides additional regulatory powers essential to effective regulation of Maine chartered banks and credit unions.
2. It clarifies the definition of deposit production offices and amends the statutory prohibition for the operation of deposit production offices to more closely align it to federal law.
3. It establishes procedures for the appointment of a conservator in the event that a financial institution is operating in an unsafe or unsound or other potentially hazardous condition and needs to reorganize or be put into a sound condition. Conservation is a step that can be taken, specifically in the case of limited purpose financial institutions whose accounts are not insured by a federal insurance agency, before liquidation is ordered by the Superintendent of Financial Institutions.
4. It clarifies the superintendent's authority to order an institution closed and the appointment of a receiver and sets forth additional authority and limitation from liability in conservation or liquidation.
5. It establishes a notification procedure that must be followed if a state-chartered financial institution makes a fundamental change in asset composition.

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6. It establishes an asset pledge requirement that the superintendent may enforce in a nondepository trust company, merchant bank or uninsured bank as necessary for the protection of the public.
7. It clarifies existing authority of the superintendent to remove an officer or director from office or prohibit further participation by the officer or director in the conduct of the affairs of a financial institution or a financial institution holding company when similar action has been taken by the appropriate federal banking agency or when an officer or director has evidenced dishonesty or unfitness by conduct with respect to another business entity.

Public Law 2005, chapter 83 is an emergency measure effective May 10, 2005.

LD 966 **An Act To Conform the Insurance Information and Privacy Protection Act to Federal Privacy Rules** **PUBLIC 127**

<u>Sponsor(s)</u> FISCHER MAYO	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-210
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LD 966 proposed to amend the Insurance Information and Privacy Protection Act to clarify that it does not apply to self-funded group health plans that comply with the federal privacy rules adopted pursuant to the federal Health Insurance Portability and Accountability Act of 1996.

Committee Amendment "A" (H-210) replaced the bill. It proposed to amend the Insurance Information and Privacy Protection Act to permit certain regulated insurance entities to disclose private health information for the purposes of treatment, payment or health plan operations provided the disclosure complies with federal standards for privacy of individually identifiable health information.

Enacted law summary

Public Law 2005, chapter 127 amends the State's Insurance Information and Privacy Protection Act to permit certain regulated insurance entities to disclose private health information for the purposes of treatment, payment or health plan operations provided the disclosure complies with federal standards for privacy of individually identifiable health information pursuant to the federal Health Insurance Portability and Accountability Act of 1996, known as "HIPAA".

LD 1042 **Resolve, To Ensure Disclosure in Real Estate Transactions** **ONTP**

<u>Sponsor(s)</u> BRYANT B	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 1042, a resolve, proposed to require the Department of Professional and Financial Regulation, Bureau of Financial Institutions to develop a fact sheet to provide information to married and unmarried couples on the implications of borrowing money to purchase real estate individually or as a couple and to require financial institutions licensed in the State to provide the fact sheet to couples who wish to borrow money to purchase real estate.

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LD 1046 **An Act To Place Seasonal Businesses in a Lower Workers' Compensation Bracket than Year-round Businesses** **ONTP**

<u>Sponsor(s)</u> SNOWE-MELLO		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1046 proposed to require that insurance companies that issue workers' compensation policies must establish a lower premium rate for seasonal businesses.

LD 1108 **An Act To Protect Maine Foster and Adoptive Parents** **ONTP**

<u>Sponsor(s)</u> VAUGHAN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1108 was referred from the Joint Standing Committee on Health and Human Services. The bill proposed to require the State to administer a liability insurance policy for certain foster and adoptive parents. The requirement would apply to foster parents who maintain family foster homes and to foster parents who maintain specialized children's homes for children with special needs, and it applies to adoptive parents who receive state adoption assistance for children with special needs. The required liability insurance must include coverage for personal injury and for legal defense against claims made against the foster or adoptive parent. The bill specifies that the cost of the insurance premium must be paid annually by the foster parent through a deduction from the foster care reimbursement payment and must be paid annually by the adoptive parent through a deduction from the adoption assistance payment. The bill also proposed to prohibit the State from requiring any adoptive parent to pay child support after an adoption is annulled by the court.

LD 1144 **Resolve, Directing the Maine State Retirement System To Develop a Proposal To Provide Relief for Retired State Employees** **ONTP**

<u>Sponsor(s)</u> LERMAN COWGER		<u>Committee Report</u> ONTP MAJ OTP-AM MIN		<u>Amendments Adopted</u>
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LD 1144, a resolve, was referred from the Joint Standing Committee on Labor. The bill proposed to direct the Maine State Retirement System to develop a proposal to provide relief for retired state employees.

Committee Amendment "A" (H-396) is the minority report of the committee. The amendment proposed to direct the State Employee Health Commission to develop a proposal to provide relief for retired state employees. The resolve directed the Maine State Retirement System to develop such a proposal. Committee Amendment "A" was not adopted.

Joint Standing Committee on Insurance and Financial Services

LD 1168

An Act To Reduce Individual Health Insurance Premiums

ONTP

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

LD 1168 proposed to create the Maine Health Insurance High-risk Pool Association for the individual health insurance market. It is based on a similar high-risk pool established by the State of New Hampshire. The purpose of the association is to spread the health care costs of high-risk individuals among all health insurers. The bill funds the high-risk pool through an assessment on insurers. An individual insured through the high-risk pool may be charged a premium of up to 150% of the average premium rates charged by carriers for similar health insurance plans. Eligibility for the high-risk pool does not extend to those covered under a group health insurance policy.

The bill also proposed to broaden the community rating laws to allow carriers to vary premiums on the basis of age within a maximum rate differential on a ratio of 4 to one and on the basis of health status and tobacco use within a maximum rate differential on a ratio of 1.5 to one. The bill also removes the guaranteed issuance requirement for individual health plans, effective October 1, 2005.

LD 1192

An Act To Extend Insurance Notification and Protection to Small Businesses and Farms

ONTP

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

LD 1192 proposed to do the following.

1. It brings commercial property insurance contracts under the property insurance cancellation control laws so that business owners may appeal nonrenewal decisions to the Department of Professional and Financial Regulation, Bureau of Insurance. Current law extends the right of appeal to a business owner only when an insurer cancels a property insurance policy in the middle of its term.
2. It requires an insurer to provide advance notice of needed property repairs to a policyholder and to allow for a minimum of 4 months for the policyholder to complete the repairs before issuing a nonrenewal notice based on lack of necessary repairs for a property insurance policy subject to the property insurance cancellation control laws.
3. It requires insurers who include a coinsurance clause in property insurance contracts to make written disclosures to policyholders that include numeric examples explaining how the coinsurance clause applies to the amount of coverage provided for equipment or property insured under the contract in the event of a claim.

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LD 1222 **An Act Regarding Cancellation of Disability Insurance** **ONTP**

<u>Sponsor(s)</u> LERMAN		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1222 proposed to prohibit the retroactive cancellation of individual disability insurance for any reason other than the nonpayment of the premium. It also proposed to clarify that at least 10 days' prior notice be given before cancellation of group disability insurance.

LD 1242 **An Act To Provide Enhanced Information to Consumers of Health Care** **ONTP**

<u>Sponsor(s)</u> CANAVAN GAGNON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1242 proposed to require the Bureau of Insurance, Consumer Health Care Division to provide information to consumers regarding executive compensation for carriers doing business in Maine and the medical loss ratio by line of insurance for those carriers.

LD 1286 **An Act To Require Additional Disclosure Regarding Private Mortgage Insurance** **PUBLIC 211**

<u>Sponsor(s)</u> RICHARDSON J SULLIVAN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-309
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LD 1286 proposed to require supervised lenders and mortgage brokers to disclose to persons applying for a mortgage on residential real property if the mortgage loan includes private mortgage insurance and if the company processing the loan application also engages in the business of private mortgage insurance.

Committee Amendment "A" (H-309) proposed to narrow the scope of the bill to require disclosure to mortgage loan applicants of the fact that the company processing or underwriting the loan application also engages in the business of private mortgage insurance. The amendment also proposed to clarify that the failure to provide the disclosure does not affect the validity or enforceability of the mortgage loan.

Enacted law summary

Public Law 2005, chapter 211 requires supervised lenders and credit services organizations to disclose to persons applying for a mortgage on residential real property if the company processing or underwriting the loan application also engages in the business of private mortgage insurance. The law also clarifies that the failure to provide the disclosure does not affect the validity or enforceability of the mortgage loan.

Joint Standing Committee on Insurance and Financial Services

LD 1303

An Act To Register Nonbank Loan Officers

PUBLIC 164

<u>Sponsor(s)</u> GLYNN		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-311
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LD 1303 proposed to require the registration of loan officers employed by supervised lenders and credit services organizations.

1. The bill defines "loan officer" in a way that exempts clerical staff and loan processors and also exempts sole proprietors and employees of banks and credit unions.
2. The bill requires that at the time a supervised lender applies for its license to make supervised loans the company request registration of its loan officers. In addition, those loan officer registrations would have to be updated during the licensing period.
3. The bill authorizes the Department of Professional and Financial Regulation, Office of Consumer Credit Regulation to suspend or revoke the registration of a loan officer independently of any action against the license or registration of a supervised lender or credit services organization. In effect, this would permit the State to track a specific individual loan officer.

Committee Amendment "A" (H-311) proposed to specify that the registration of a loan officer within 90 days of the due date does not constitute a violation of the registration requirement provided in the bill. It proposed to amend the provision of the bill regarding the evaluation of the loan officers to limit the evaluation to consideration of their character and fitness. The amendment would also strike the provision of the bill that limited a loan officer to working for one lender or credit services organization. The amendment also added an appropriations and allocations section to the bill.

Enacted law summary

Public Law 2005, chapter 164 requires the registration of loan officers employed by supervised lenders and credit services organizations. The law defines "loan officer" in a way that exempts clerical staff and loan processors and also exempts sole proprietors and employees of banks and credit unions.

The law requires that at the time a supervised lender applies for its license to make supervised loans the company request registration of its loan officers. In addition, those loan officer registrations would have to be updated during the licensing period.

The law authorizes the Department of Professional and Financial Regulation, Office of Consumer Credit Regulation to suspend or revoke the registration of a loan officer independently of any action against the license or registration of a supervised lender or credit services organization. In effect, this would permit the State to track a specific individual loan officer.

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LD 1416

An Act To Amend the Maine Consumer Credit Code

PUBLIC 206

<u>Sponsor(s)</u> FARRINGTON WESTON	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-310
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LD 1416 proposed to make several changes to the Maine Consumer Credit Code. It requires that mortgage lenders, assignees and mortgage servicers use due care to ensure payment of taxes and insurance from consumer escrow accounts and respond promptly to requests for payoff amounts on existing loans.

The bill also proposed to increase the ability of the State to regulate fraudulent advertising that contains misinformation reflecting negatively on this State and its legitimate lenders. Finally, it proposed to extend Maine Consumer Credit Code registration requirements to purchasers, including assignees, or servicers of all types of consumer credit transactions, including sales, loans and leases, so that consumer complaints resulting from that servicing can be promptly addressed.

Committee Amendment "A" (H-310) proposed to clarify the provision of the bill that extends the application of the Maine Consumer Credit Code to persons who claim to be located in Maine or hold a Maine license or registration. The amendment also added a provision to the bill to specify the penalty for violating the requirement to pay taxes and insurance from consumer escrow accounts and respond to consumer requests for payoff figures.

Enacted law summary

Public Law 2005, chapter 206 makes several changes to the Maine Consumer Credit Code. The law requires that mortgage lenders, assignees and mortgage servicers use due care to ensure payment of taxes and insurance from consumer escrow accounts and respond promptly to requests for payoff amounts on existing loans. The law establishes a penalty for violating these requirements. The law also increases the ability of the State to regulate fraudulent advertising that contains misinformation reflecting negatively on this State and its legitimate lenders.

Public Law 2005, chapter 206 also extends Maine Consumer Credit Code registration requirements to purchasers, including assignees, or servicers of all types of consumer credit transactions, including sales, loans and leases, so that consumer complaints resulting from that servicing can be promptly addressed.

LD 1472

An Act To Amend the Laws Governing the Rural Medical Access Program

PUBLIC 122

<u>Sponsor(s)</u> MARRACHE MAYO	<u>Committee Report</u> OTP	<u>Amendments Adopted</u>
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LD 1472 proposed to clarify that a physician, hospital or physician's employer that does not purchase insurance is considered self-insured for the purposes of the Rural Medical Access Program.

The bill proposed to limit assessments to physicians licensed and practicing medicine in this State and remove the requirement that the Superintendent of Insurance certify that all physicians, hospitals and physician's employers have paid the assessment.

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The bill would remove a provision that the assessment be distributed on a prorated basis. The assessment is made as a percentage of premium. The bill proposed to reduce the maximum assessment rate of 1.25% to .75% effective July 1, 2006. The assessment rate will be adjusted automatically based upon the level of excess funds that have accumulated. The bill also would provide that the program fund balance may be used to pay assistance to qualified eligible physicians in prior years for which there were insufficient funds. If all prior years' eligible qualified physicians have received assistance, any excess funds must be carried forward to subsequent plan years as part of the program fund balance.

The bill proposed to require, rather than permit, an insurer to invest collected assessments.

The bill also proposed to increase the maximum assistance level to \$15,000 from \$10,000.

Enacted law summary

Public Law 2005, chapter 122 clarifies that a physician, hospital or physician's employer that does not purchase insurance is considered self-insured for the purposes of the Rural Medical Access Program.

The law limits the responsibility to pay assessments to physicians licensed and practicing medicine in this State and removes the requirement that the Superintendent of Insurance certify that all physicians, hospitals and physician's employers have paid the assessment.

The law removes a provision that the assessment be distributed on a prorated basis. The maximum assessment as a percentage of premium, will be reduced to .75% from 1.25% effective July 1, 2006. The assessment rate will be adjusted automatically based upon the level of excess funds that have accumulated. The law also provides that the program fund balance may be used to pay assistance to qualified eligible physicians in prior years for which there were insufficient funds. If all prior years' eligible qualified physicians have received assistance, any excess funds must be carried forward to subsequent plan years as part of the program fund balance.

The law requires, rather than permits, an insurer to invest collected assessments.

Public Law 2005, chapter 122 also increases the maximum assistance level available to eligible qualified physicians to \$15,000 from \$10,000.

LD 1475

An Act To Establish a Simplified Package of Health Care Insurance Affordable by All

ONTP

Sponsor(s)
JOY

Committee Report
ONTP

Amendments Adopted

LD 1475 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 proposed to repeal existing state-mandated benefits, mandated health insurance coverage and mandated offerings of health benefits. The bill also makes cross-reference corrections necessitated by the repeal of various provisions of law.

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LD 1490

An Act To Create a Nonprofit State-run Insurance Plan

ONTP

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

LD 1490 proposed to direct the Board of Directors of Dirigo Health to propose the establishment of a nonprofit health care plan that would offer consumers moderately priced insurance products under Dirigo Health as an alternative to those currently offered through an existing public plan. The bill directs the board to submit its proposal, including, but not limited to, a funding mechanism to capitalize the proposed nonprofit health care plan and any recommended legislation to the joint standing committee of the Legislature having jurisdiction over health and human services matters.

Committee Amendment "A" (H-515) is the minority report of the committee. The amendment replaced the bill with a resolve. The amendment proposed to require the Governor's Office of Health Policy and Finance to prepare a business plan proposal for a nonprofit hospital and medical service organization for submission to the Joint Standing Committee on Insurance and Financial Services no later than March 1, 2006. The bill required the Board of Directors of Dirigo Health to propose a nonprofit health care plan. The amendment also added a provision to require the Department of Professional and Financial Regulation, Bureau of Insurance, in consultation with Dirigo Health, to study the feasibility of establishing a demonstration project to test the effectiveness of different marketing strategies for DirigoChoice, the Dirigo health insurance product. The bureau is required to submit a report on the feasibility study to the Joint Standing Committee on Insurance and Financial Services no later than January 15, 2006. Committee Amendment "A" was not adopted.

LD 1496

**An Act To Reduce Maine's Health Insurance Rates and Expand
Consumer Choice**

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	JT RULE 309	
WESTON		

LD 1496 proposed to do the following.

Part A repeals the guaranteed issuance and community rating law for individual health plans effective April 1, 2006 and allows carriers to treat their pre-2006 book of business separately from their post-2006 book of business. It makes changes to the continuity of coverage laws to allow underwriting when someone switches carriers in the individual market.

Part A creates 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. An individual insured through the high-risk pool may be charged a premium up to 150% of the average premium rates charged by carriers for similar health insurance plans. The bill requires the State to submit an application to the Federal Government for federal assistance to create a high-risk pool.

Part A also removes the requirement that carriers offer standard and basic plans as defined in Bureau of Insurance Rule Chapter 750 in the individual market.

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Part B repeals the community rating law for small group health plans effective January 1, 2007 and enacts in its place provisions governing the rating of small group health plans based on a model act from the National Association of Insurance Commissioners.

Part C allows a carrier to offer health plans that do not comply with geographic access standards if the carrier also offers health plans that comply with those access standards or offers a fee-for-service health plan.

Part D imposes a \$250,000 cap on noneconomic damages awarded in medical malpractice cases.

Part E allows individuals a state income tax deduction for contributions to health savings accounts and for payments made toward health insurance premiums.

Part F repeals the statutory provisions governing the State Health Plan and certificate of need.

Part G requires the Department of Health and Human Services to submit legislation by January 1, 2006 to increase MaineCare reimbursement rates for health care providers by 20%. Part G also requires the Department of Professional and Financial Regulation, Bureau of Insurance to conduct a study of the State's rate and form filing laws and make recommendations for changes to reduce the costs and resources expended by health insurance carriers seeking regulatory approval of new health insurance products.

House Amendment "A" (H-717) proposed to remove the provisions of the bill, except for those that eliminate guaranteed issue with respect to individual health insurance policies, establish a high-risk pool and direct the Department of Professional and Financial Regulation, Bureau of Insurance to review the State's health insurance rate and form filing requirements. House Amendment "A" was not adopted.

Senate Amendment "A" (S-393) proposed to remove the provisions of the bill, except for those that eliminate guaranteed issue with respect to individual health insurance policies, establish a high-risk pool and direct the Department of Professional and Financial Regulation, Bureau of Insurance to review the State's health insurance rate and form filing requirements. Senate Amendment "A" was not adopted.

Senate Amendment "B" (S-402) proposed to remove the provisions of the bill, except for those that eliminate guaranteed issue with respect to individual health insurance policies, establish a high-risk pool and direct the Department of Professional and Financial Regulation, Bureau of Insurance to review the State's health insurance rate and form filing requirements. Senate Amendment "B" was not adopted.

LD 1499

An Act To Amend the Laws Related to Health Insurance and Confidentiality of Property and Casualty Filings

PUBLIC 121

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

LD 1499 proposed to make the following changes to the health insurance laws.

1. It gives employees of employers with fewer than 20 employees who have health coverage through a multiple employer welfare arrangement the same protection currently available to employees of employers with fewer

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than 20 employees who are covered by insurance carriers. This limited protection allows the employee to stay on the employer's health plan for up to a year only in the event of a workers' compensation claim or a temporary layoff.

2. It makes credit union groups subject to the requirements concerning guaranteed issue, rating and rate filing that currently apply to individual health insurance and certain association group health insurance.
3. It amends the law concerning filing of insurance forms, rates and rating rules to provide that forms and any supporting information become public on the date the filing is approved. Under current law, filings are confidential until the filing becomes effective.
4. It provides that when someone is covered under more than one health insurance policy, payments by the primary insurer must be counted toward the deductible by the secondary insurer.
5. It amends the law concerning the guaranteed loss ratio option for small group health insurers to change the minimum threshold for eligibility from 1,000 member months to 1,000 members. This change does not apply to carriers already using this option.
6. It amends the law that requires group health carriers to notify policyholders 60 days in advance of any rate increase to specify that the notice must state that the increase is subject to regulatory approval when that is the case.
7. It amends the laws concerning guaranteed renewal of health insurance to comply with federal law with respect to coverage through associations.
8. It amends the continuity of coverage law to clarify that a waiting period is not counted as a break in coverage nor is it counted as a period of actual coverage except in limited circumstances, consistent with federal law.
9. It clarifies the laws concerning categories of mental health providers that must be covered to the same extent as physicians for services within the scope of their licenses.

Enacted law summary

Public Law 2005, chapter 121 makes the following changes to the laws governing individual and group health insurance.

1. It gives employees of employers with fewer than 20 employees who have health coverage through a multiple employer welfare arrangement the same protection currently available to employees of employers with fewer than 20 employees who are covered by insurance carriers. This limited protection allows the employee to stay on the employer's health plan for up to a year only in the event of a workers' compensation claim or a temporary layoff.
2. It makes credit union groups subject to the requirements concerning guaranteed issue, rating and rate filing that currently apply to individual health insurance and certain association group health insurance.
3. It amends the law concerning filing of insurance forms, rates and rating rules to provide that forms and any supporting information become public on the date the filing is approved. Under current law, filings are confidential until the filing becomes effective.

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4. It provides that when someone is covered under more than one health insurance policy, payments by the primary insurer must be counted toward the deductible by the secondary insurer.
5. It amends the law concerning the guaranteed loss ratio option for small group health insurers to change the minimum threshold for eligibility from 1,000 member months to 1,000 members. This change does not apply to carriers already using this option.
6. It amends the law that requires group health carriers to notify policyholders 60 days in advance of any rate increase to specify that the notice must state that the increase is subject to regulatory approval when that is the case.
7. It amends the laws concerning guaranteed renewal of health insurance to comply with federal law with respect to coverage through associations.
8. It amends the continuity of coverage law to clarify that a waiting period is not counted as a break in coverage nor is it counted as a period of actual coverage except in limited circumstances, consistent with federal law.
9. It clarifies the laws concerning categories of mental health providers that must be covered to the same extent as physicians for services within the scope of their licenses.

LD 1523

An Act To Create Lower-cost Health Insurance Options

ONTP

<u>Sponsor(s)</u> WOODBURY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1523 proposed to require health insurance carriers to offer a catastrophic health plan as alternative coverage for each of its group health coverage plans. The bill requires the Superintendent of Insurance to define, by rule, the requirements of the catastrophic plan. The bill also requires that employers providing health insurance coverage to their employees offer their employees the option of choosing the catastrophic plan. To the extent allowed by federal and state law, the bill allows carriers and employers to establish health savings accounts in conjunction with the catastrophic plan.

LD 1523 also proposed to require the State Employee Health Insurance Program to offer a high-deductible health plan option compatible with health savings accounts.

LD 1545

An Act To Establish a Cooperative Approach to Health Care Coverage

ONTP

<u>Sponsor(s)</u> DAIGLE		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 1545 proposed to do the following:

Part A expands the Dirigo Health Insurance program to all residents of this State starting January 1, 2006. The bill requires that the Board of Directors of Dirigo Health develop a benefit package compatible with federally

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authorized health savings accounts and provide the opportunity for health savings accounts for all eligible individuals. The bill also limits the out-of-pocket maximums, including deductibles, copayments and coinsurance, under the Dirigo Health Insurance program to 10% of an eligible individual's adjusted gross income. The bill requires Dirigo Health to establish the Enrollee Hardship Fund to provide financial assistance to eligible individuals to meet any required out-of-pocket maximums under the Dirigo Health Insurance program.

Financing for coverage under the Dirigo Health Insurance program is provided through an individual health assessment. Beginning January 1, 2006, each resident individual and nonresident individual subject to income tax liability must pay an individual health assessment of 5% for the first \$150,000 of that individual's adjusted gross income and an additional 1% of any portion of that adjusted gross income that exceeds \$150,000 unless the individual has other coverage through at least a basic catastrophic policy and is not enrolled in Dirigo Health. The bill repeals the provision in current law relating to savings offset payments by health insurers and 3rd-party administrators.

Part B and Part C correct cross-references necessitated by changes in this bill.

LD 1561 **Resolve, To Study the Feasibility of Establishing an Insurance Fraud Unit within the Bureau of Insurance** **RESOLVE 47**

<u>Sponsor(s)</u> PERRY A		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> H-395
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LD 1561 proposed to create the Bureau of Insurance, Insurance Fraud Unit, overseen by the Board of Insurance Fraud and administered by a director. The personnel of the Insurance Fraud Unit would include the director, a chief investigator, field investigators, clerical staff and an assistant attorney general permanently assigned to the unit. Assistant district attorneys may also be temporarily assigned to the Insurance Fraud Unit. The purpose of the Insurance Fraud Unit is to respond to complaints of and investigate and prosecute instances of insurance fraud. This bill proposed to require insurers and self-insureds in the State to create special investigation groups within their organizations that have at least one licensed private investigator who is either an employee or independent contractor to report any suspected insurance fraud to the Insurance Fraud Unit. Personnel of the Insurance Fraud Unit have law enforcement powers to carry out their investigatory duties, including the power to subpoena, administer oaths, execute warrants and request court orders as part of their investigations. The Insurance Fraud Unit is funded by a 25¢ fee on certain insurance policies and the Board of Insurance Fraud is authorized to borrow up to 30% of the start-up costs of the Insurance Fraud Unit.

Committee Amendment "A" (H-395) changed the title and replaced the bill with a resolve. The amendment proposed to require the Superintendent of Insurance to conduct a feasibility study regarding the establishment of an insurance fraud unit within the Department of Professional and Financial Regulation, Bureau of Insurance to address fraudulent conduct of consumers, insurance producers and insurers. The bill proposed to establish an insurance fraud unit. The amendment would require the superintendent to submit a report on the feasibility study, and any proposed legislation, to the Joint Standing Committee on Insurance and Financial Services by December 5, 2005 and authorize the committee to report out a bill following its review of the report.

Enacted law summary

Resolve 2005, chapter 47 requires the Superintendent of Insurance to conduct a feasibility study regarding the establishment of an insurance fraud unit within the Bureau of Insurance to address fraudulent conduct of

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consumers, insurance producers and insurers. The resolve requires the superintendent to submit a report on the feasibility study, and any proposed legislation, to the Joint Standing Committee on Insurance and Financial Services by December 5, 2005 and authorizes the committee to report out a bill following its review of the report.

LD 1577

An Act To Modify Savings Offset Payments and To Clarify Certain Other Provisions of the Dirigo Health Act

PUBLIC 400

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM MAJ OTP-AM MIN	H-687 PERRY A S-359

LD 1577 proposed to clarify and make changes to the date the savings offset payment determination is made and the date payments may begin under the Dirigo Health Act to reflect the delay in the implementation of Dirigo Health. In addition, the bill proposed to change the basis for computing savings offset payments from premiums to paid claims.

Committee Amendment "A" (S-359) proposed to replace the bill and was the majority report. The amendment proposed to add an emergency preamble and emergency clause. The amendment proposed to:

1. Allow insurers, for the calendar year 2006, to give 30 days' notice of changes in rates to policyholders instead of the 60 days' or 90 days' notice required under current law;
2. Change the term "Dirigo Health Insurance" to "Dirigo Health Program" and revise the definition and update the statutes accordingly;
3. Specify the joint standing committee of the Legislature having jurisdiction over insurance matters as the committee of jurisdiction for Dirigo Health;
4. Amend the Dirigo Health Act in several places to bring the law into compliance with federal requirements related to pooling of funds for providing a state match for federal Medicaid dollars;
5. Allow for the pooling of savings offset payment revenue and clearly state that the calculation of the savings offset payment amount is limited to the amount of funds necessary to provide subsidies and to support the Maine Quality Forum, and that the calculation may not include general administrative expenses of Dirigo Health;
6. Change from premiums to paid claims the assessment base for savings offset payments required from health insurance carriers and employee benefit excess insurance carriers and establish paid claims as the assessment base for savings offset payments required from 3rd-party administrators;
7. Provide for savings offset payments to apply to claims paid on or after January 1, 2006, 6 months later than in current law, to reflect delays in the implementation of Dirigo Health. It proposed to provide an exception to the quarterly savings offset payments for the first 3 months of 2006, during which time monthly savings offset payments, due not less than 60 days after the close of the month, would be required for plan years starting during those months. It proposed to allow 3rd-party administrators for groups of 500 or fewer members to make savings offset payments annually;

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8. Specify that rules regarding the definition of paid claims for the purpose of savings offset payments are major substantive rules after the first assessment year. During the first assessment year, the amendment proposed that the rules would be routine technical;
9. Establish a 10-member working group, convened by the Superintendent of Insurance, to advise the Board of Directors of Dirigo Health on certain issues relating to savings offset payments, including the definition of "subsidy," the definition of "paid claims," the process for implementing and invoicing paid claims, the board's proposed methodology for calculating aggregate measurable cost savings and a funding strategy for Dirigo Health's administrative expenses. It proposed to require the working group to provide monthly reports to the Joint Standing Committee on Insurance and Financial Services;
10. Provide a timeline for the start-up of savings offset payments, including deadlines for the determination of aggregate measurable cost savings and the amount of the savings offset payment; and
11. Specify that Dirigo Health may use the \$53,000,000 in start-up funds it received pursuant to Public Law 2003, chapter 469 to cover administrative expenses but may not cover those expenses with savings offset payments. It proposed to require the Board of Directors of Dirigo Health, with input from the working group, to make recommendations to the Joint Standing Committee on Insurance and Financial Services regarding how to finance Dirigo Health's administrative expenses and authorizes the committee to report out a bill after reviewing the board's recommendation.

Committee Amendment "B" (S-360) proposed to replace the bill and was the minority report. The amendment proposed to add an emergency preamble and emergency clause. The amendment also proposed to:

1. Change the term "Dirigo Health Insurance" to "Dirigo Health Program" and revise the definition and update the statutes accordingly;
2. Require that the Board of Directors of Dirigo Health arrange for an independent audit to be conducted in addition to the required audit by the State Auditor;
3. Specify the joint standing committee of the Legislature having jurisdiction over insurance matters as the committee of jurisdiction for Dirigo Health;
4. Amend the Dirigo Health Act in several places to bring the law into compliance with federal requirements related to pooling of funds for providing a state match for federal Medicaid dollars;
5. Specify that any experience modification program, or other similar arrangement, between Dirigo Health and a carrier or 3rd-party administrator providing the Dirigo Health Program in which payments are made by Dirigo Health to the carrier or 3rd-party administrator to be set aside to cover unanticipated variance in claims experience may not be considered a subsidy and must be considered a general administrative expense of Dirigo Health. It further proposed to specify that after December 31, 2006, Dirigo Health may not include in its contracts with carriers or 3rd-party administrators any experience modification program or other similar arrangement;
6. Add an asset limit to the eligibility criteria for a subsidy under the Dirigo Health Program and set the asset limit at 300% of the asset limit for MaineCare eligibility;
7. Allow for the pooling of savings offset payment revenue and clearly state that the calculation of the savings offset payment amount is limited to the amount of funds necessary to provide subsidies and to support the

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Maine Quality Forum and that the calculation may not include general administrative expenses of Dirigo Health;

8. Shift responsibility for the determination of cost savings from the Board of Directors of Dirigo Health to the Superintendent of Insurance;
9. Change from premiums to paid claims the assessment base for savings offset payments required from health insurance carriers and employee benefit excess insurance carriers and establish paid claims as the assessment base for savings offset payments required from 3rd-party administrators;
10. Provide for savings offset payments to apply to claims paid on or after July 1, 2006, 12 months later than in current law, to reflect delays in the implementation of Dirigo Health;
11. Specify that rules regarding the definition of paid claims for the purpose of savings offset payments are major substantive rules;
12. Establish a 10-member working group, convened by the Superintendent of Insurance, to advise the Board of Directors of Dirigo Health and the superintendent on certain issues relating to savings offset payments. It proposed to require the group to make recommendations to the board regarding the definition of subsidy, the definition of paid claims and the process for calculating and invoicing paid claims and a funding strategy for Dirigo Health administrative expenses and to require the working group to a recommendation to the superintendent regarding the methodology for determining cost savings. It also proposed to require the working group to provide monthly reports to the Joint Standing Committee on Insurance and Financial Services; and
13. Specify that Dirigo Health agency may use the \$53,000,000 in start-up funds it received pursuant to Public Law 2003, chapter 469 to cover administrative expenses but may not cover those expenses with savings offset payments. It proposed to require the Board of Directors of Dirigo Health, with input from the working group, to make recommendations to the Joint Standing Committee on Insurance and Financial Services regarding how to finance Dirigo Health's administrative expenses and authorizes the committee to report out a bill after reviewing the board's recommendation.

Committee Amendment "B" was not adopted.

House Amendment "B" to Committee Amendment "A" (H-687) proposed to incorporate the changes proposed by House Amendment "A" to Committee Amendment "A" with the following additional changes:

1. **House Amendment "A" to Committee Amendment "A"** proposed to specify that, not later than the effective date of the bill, the Board of Directors of Dirigo Health is required to file with the Superintendent of Insurance its determination of the aggregate measurable cost savings and the superintendent is then required to hold a public hearing and issue an order approving or disapproving the filing. This amendment proposed to place that requirement in statute, thus making it an ongoing requirement for the annual determination of aggregate measurable cost savings.
2. Consistent with current law, Committee Amendment "A" requires Dirigo Health to determine whether unused payments may be returned to insurance carriers. This amendment proposed to require the unused payments to be used to reduce the next savings offset payment charged to health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers according to a formula developed by the board.

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House Amendment "A" to Committee Amendment "A" (H-681) proposed to strike the emergency preamble and emergency clause and to adjust certain dates within the bill as amended by Committee Amendment "A" accordingly. This amendment also proposed to:

1. Replace language in Committee Amendment "A" regarding legislative jurisdiction. In its place, this amendment proposed to require Dirigo Health to report twice annually to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters regarding the Dirigo Health Program and its budget and require the Board of Directors of Dirigo Health to provide minutes of its meetings to all members of the joint standing committees of the legislature having jurisdiction over insurance and financial services matters, health and human services matters and appropriations and financial affairs;
2. Change the process for the determination of aggregate measurable cost savings in the first assessment year by requiring the Board of Directors of Dirigo Health, after making its determination of cost savings, to file that determination and supporting information with the Superintendent of Insurance. The superintendent is then required to hold a public hearing and issue an order approving or disapproving the filing; and
3. Add an appropriations and allocations section.

House Amendment "A" to Committee Amendment "A" was not adopted.

House Amendment "C" to Committee Amendment "A" (H-688) proposed to shift responsibility for the determination of cost savings from the Board of Directors of Dirigo Health to the Superintendent of Insurance. The amendment also proposed to add an appropriations and allocations section. House Amendment "C" to Committee Amendment "A" was not adopted.

House Amendment "D" to Committee Amendment "A" (H-689) proposed to require the cost of an experience modification program to be considered a general administrative expense, thus not includable in the savings offset amount calculation. This amendment also proposed to specify that after December 31, 2006, Dirigo Health may not include in its contracts with carriers or 3rd-party administrators any experience modification program or other similar arrangement. House Amendment "D" to Committee Amendment "A" was not adopted.

House Amendment "E" to Committee Amendment "A" (H-690) proposed to remove the deadline by which the Board of Directors of Dirigo Health is to determine the amount of the savings offset payment, instead requiring the board to make its determination as soon as possible following the adjudicatory hearing required by law. House Amendment "E" to Committee Amendment "A" was not adopted.

Senate Amendment "A" to Committee Amendment "A" (S-370) proposed to specify that, for purposes of determining cost savings, "bad debt" includes payments not received by hospitals for services rendered to a person enrolled in both Dirigo Health and MaineCare. Senate Amendment "A" to Committee Amendment "A" was not adopted.

Enacted law summary

Public Law 2005, chapter 400 amends the law governing savings offset payments and certain other provisions of the Dirigo Health Act as follows.

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1. It changes the term "Dirigo Health Insurance" to "Dirigo Health Program" which is defined as a program of services that includes health benefits coverage.
2. It requires Dirigo Health to report twice annually to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters regarding the Dirigo Health Program and its budget and requires the Board of Directors of Dirigo Health to provide minutes of its meetings to all members of the joint standing committees of the legislature having jurisdiction over insurance and financial services matters, health and human services matters and appropriations and financial affairs.
3. It amends the Dirigo Health Act to ensure consistency with federal requirements related to pooling of funds for providing a state match for federal Medicaid dollars.
4. It changes the process for the determination of aggregate measurable cost savings in the health care system by adding a provision to require the Board of Directors of Dirigo Health, after making its determination of cost savings, to file that determination and supporting information with the Superintendent of Insurance. The superintendent is then required to hold a public hearing and issue an order approving or disapproving the filing.
5. It specifies that the calculation of the savings offset payment amount is limited to the amount of funds necessary to provide subsidies and to support the Maine Quality Forum and may not include general administrative expenses of Dirigo Health.
6. It changes the base for computing savings offset payments from premiums to paid claims for health insurance carriers and employee benefit excess insurance carriers and establishes paid claims as the assessment base for savings offset payments required from 3rd-party administrators.
7. It delays start of savings offset payments from July 1, 2005 to January 1, 2006. It provides an exception to the quarterly savings offset payment requirement for the first 3 months of 2006, during which time monthly savings offset payments, due not less than 60 days after the close of the month, are required for plan years starting during those months. It also provides an exception to allow 3rd-party administrators for groups of 500 or fewer members to make savings offset payments annually.
8. It provides an exception for calendar year 2006 to allow health insurers to give policy holders 30 days' notice of rate increases instead of the 60 days' or 90 days' notice required under current law.
9. It requires Dirigo Health to reconcile annual savings offset payments and to apply any unused amounts to reduce the next savings offset payment charged to health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers according to a formula developed by the board.
10. It requires that the definition of paid claims for the purpose of savings offset payments be determined through major substantive rules, except for the first year in which the rules are routine technical.
11. It establishes a 10-member working group, convened by the Superintendent of Insurance, to advise the Board of Directors of Dirigo Health on issues relating to savings offset payments, including the definition of "subsidy," the definition of "paid claims," the process for implementing and invoicing paid claims, the board's proposed methodology for calculating aggregate measurable cost savings and a funding strategy for Dirigo Health's administrative expenses. The working group is required to provide monthly reports to the Joint Standing Committee on Insurance and Financial Services.

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12. It specifies that Dirigo Health may use the \$53,000,000 in start-up funds it received pursuant to Public Law 2003, chapter 469 to cover administrative expenses and prohibits Dirigo Health from using savings offset payments to cover such expenses. It requires the Board of Directors of Dirigo Health, with input from the working group, to make recommendations to the Joint Standing Committee on Insurance and Financial Services regarding how to finance Dirigo Health's administrative expenses and authorizes the committee to report out a bill after reviewing the board's recommendation.

LD 1593 **Resolve, Regarding Legislative Review of Portions of Chapter 750: Standardized Health Plans, a Major Substantive Rule of the Department of Professional and Financial Regulation, Bureau of Insurance** **RESOLVE 51 EMERGENCY**

<u>Sponsor(s)</u>		<u>Committee Report</u> OTP		<u>Amendments Adopted</u>
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LD 1593, a resolve, proposed to provide for legislative review of Portions of Chapter 750: Standardized Health Plans, a major substantive rule of the Bureau of Insurance.

Enacted law summary

Resolve 2005, chapter 51 authorizes final adoption of portions of Chapter 750: Standardized Health Plans, a major substantive rule of the Department of Professional and Financial Regulation, Bureau of Insurance.

Resolve 2005, chapter 51 was passed as an emergency measure effective May 25, 2005.

LD 1638 **An Act Concerning the Regulation of Certain Information to Protect Privacy** **ONTP**

<u>Sponsor(s)</u>		<u>Committee Report</u>		<u>Amendments Adopted</u>
DUDLEY		ONTP MAJ		
BRENNAN		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 1638 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-516) is the minority report of the committee. The amendment proposed to remove a provision of the bill that eliminates certain opt-in requirements for disclosures under the Insurance Information and Privacy Protection Act. The amendment adds a provision to account for the enactment of the Maine Uniform Securities Act effective December 31, 2005. The amendment also removes the provision of the bill that required approval of voters at a statewide referendum before the Act could take effect. Committee Amendment "A" was not adopted.

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LD 1671

An Act To Protect Maine Citizens from Identity Theft

PUBLIC 379

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PELLETIER- SIMPSON HOBBINS	OTP-AM	H-654

LD 1671 proposed to require an entity engaged in business in Maine that is in possession of electronic data containing personal information to disclose any unauthorized acquisition or suspected unauthorized acquisition of that personal information to a person whose personal information may have been acquired.

Committee Amendment "A" (H-654) proposed to replace the bill. The amendment proposed to establish notification requirements for information brokers, defined as persons or entities engaged in the business of collecting personal information for the purpose of providing such information to 3rd parties, in the event of a security breach, which is defined as unauthorized acquisition of computerized data that compromises the security, confidentiality or integrity of personal information. It proposed to require information brokers to provide notice to residents of the State whose personal information has been affected by a security breach, to state regulatory agencies and, in the event that at least 1,000 persons are affected, to consumer reporting agencies. The amendment proposed to provide for enforcement penalties for violations of notification requirements. The amendment proposed an effective date for the security breach notification requirements of January 31, 2006. The amendment proposed to require the Department of Professional and Financial Regulation to conduct a study with interested persons to examine additional issues related to data security and security breach requirements and to report to the Joint Standing Committee on Insurance and Financial Services. It also proposed to require the Chief Information Officer to report to the committee regarding the State's policies to protect the privacy and security of personal information maintained by State Government.

Enacted law summary

Public Law 2005, chapter 379 establishes notification requirements for information brokers, defined as persons or entities engaged in the business of collecting personal information for the purpose of providing such information to 3rd parties, in the event of a security breach, which is defined as unauthorized acquisition of computerized data that compromises the security, confidentiality or integrity of personal information. It requires information brokers to provide notice to residents of the State whose personal information has been affected by a security breach, to state regulatory agencies and, in the event that at least 1,000 persons are affected, to consumer reporting agencies. The law provides for enforcement and penalties for violations of the notification requirements. The effective date for the security breach notification requirements is January 31, 2006.

Public Law 2005, chapter 379 requires the Department of Professional and Financial Regulation to conduct a study with interested persons to examine additional issues related to data security and security breach requirements and to report to the Joint Standing Committee on Insurance and Financial Services. It also requires the Chief Information Officer to report to the committee regarding the State's policies to protect the privacy and security of personal information maintained by State Government.

Joint Standing Committee on Insurance and Financial Services

LD 1680

An Act to Improve Dirigo Health

CARRIED OVER

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

LD 1680 a concept draft pursuant to Joint Rule 208. The bill proposes to:

1. Require the Dirigo Health Agency to develop a method for including a health savings account option as part of DirigoChoice and to report its recommendation for such inclusion to the Joint Standing Committee on Insurance and Financial Services;
2. Require the Governor's Office of Health Policy and Finance to develop options for financing the cost of conforming state tax law to federal tax law regarding health savings accounts and to report its recommendations to the Joint Standing Committee on Insurance and Financial Services;
3. Require the Department of Professional and Financial Regulation, Bureau of Insurance to develop a method for insurance carriers to report new business, categorized by insurance status. The report would include categories for insured, underinsured and uninsured people. The bureau would report its recommendations to the Joint Standing Committee on Insurance and Financial Services;
4. Expand the membership of the Advisory Council on Health Systems Development to include a practicing nurse, a small business and a large business that purchases employee health coverage; and
5. Clarify that the Dirigo Health Agency is authorized to make and administer grants.

LD 1680 was carried over by H.P. 1203 to the next special or regular session of the 122nd Legislature.