

*Joint Standing Committee on Insurance and Financial Services*

**LD 447**                      **An Act To Require Health Insurers To Cover the Costs of Hearing Aids**                      **DIED ON ADJOURNMENT**

<u>Sponsor(s)</u> EDMONDS		<u>Committee Report</u> OTP-AM		<u>Amendments Adopted</u> S-149
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LD 447 was carried over from the First Special Session on the Special Appropriations Table by S.P. 640. The bill 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 would apply to all policies, contracts and certificates issued or renewed on or after January 1, 2006.

During the First Special Session, Committee Amendment “A” was adopted in the House, but placed on the Special Appropriations Table in the Senate and carried over to the Second Regular Session.

LD 447 was not removed from the Special Appropriations Table in the Senate before adjournment sine die.

**LD 1680**                      **An Act to Improve Dirigo Health**                      **DIED ON ADJOURNMENT**

<u>Sponsor(s)</u> SULLIVAN GLYNN		<u>Committee Report</u> ONTP      MAJ OTP-AM    MIN		<u>Amendments Adopted</u>
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LD 1680 is a concept draft pursuant to Joint Rule 208. The bill proposed 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;

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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.

**Committee Amendment “A” (S-491)** is the minority report of the committee and replaced the bill, which was a concept draft pursuant to Joint Rule 208. The amendment proposed to repeal the savings offset payment used to support subsidies for the Dirigo Health Program. The amendment would require that the subsidy program for enrollees in the Dirigo Health Program and the Maine Quality Forum, which were funded with the savings offset payment, continue with funding from existing resources of the Dirigo Health Program. The amendment also would prohibit any funds collected by Dirigo Health from being used as the state share for individuals directly enrolled in MaineCare.

The amendment proposed to add a General Fund appropriation of \$8,313,000 for the costs of the state share for MaineCare services for parents as a result of the provision prohibiting these costs from being funded through transfers from Dirigo Health. Committee Amendment “A” was not adopted.

LD 1680 was still in the possession of the Senate upon adjournment sine die.

**LD 1723**                      **An Act To Address Benefits for Employees and Officers of Credit Unions**                      **PUBLIC 468**

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

LD 1723 proposed to establish statutory authority for a state-chartered credit union to provide employee benefits, including retirement benefits, to its employees and officers and to fund those employee benefit plan obligations with investments that would otherwise be impermissible under state law. The bill also proposed to authorize the Superintendent of Financial Institutions to adopt rules to implement this provision to address any safety and soundness issues associated with those employee benefit plans.

### *Enacted law summary*

Public Law 2005, chapter 468 authorizes a state-chartered credit union to provide employee benefits, including retirement benefits, to its employees and officers and fund those employee benefit plan obligations with investments that would otherwise be impermissible under state law. The law also authorizes the Superintendent of Financial Institutions to adopt rules to implement the law and to address any safety and soundness issues.

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**LD 1734**

**An Act To Increase Accessibility to Health Insurance**

**PUBLIC 493  
EMERGENCY**

Sponsor(s)  
GLYNN

Committee Report  
OTP-AM

Amendments Adopted  
H-758

LD 1734 proposed to extend eligibility for health insurance coverage to a person who is not yet a United States citizen, but who is living legally in this country.

**Committee Amendment “A” (H-758)** replaced the bill. The amendment proposed to amend the definition of “legally domiciled” so that a person is required to satisfy 2 of 6 criteria before becoming eligible to purchase individual health insurance coverage. Under current law, persons are required to satisfy 3 of 4 criteria, including that a person have a valid driver’s license, be registered to vote, have a permanent dwelling place or file an income tax return as a resident of this State. The amendment also proposed to expand the criteria for eligibility to purchase health insurance coverage to include a valid passport or visa, a sworn affidavit declaring a person's intent to reside in this State and a state identification card in lieu of a driver's license.

The amendment also proposed to add an emergency preamble and emergency clause.

***Enacted law summary***

Public Law 2005, chapter 493 amends the definition of “legally domiciled” for purposes of becoming eligible to purchase individual health insurance so that a person is required to satisfy 2 of 6 criteria before becoming eligible. The law also expands the criteria for eligibility to purchase health insurance coverage to include a valid passport or visa, a sworn affidavit declaring a person's intent to reside in this State and a state identification card in lieu of a driver's license. Under current law, a person must satisfy 3 of the following 4 criteria: a valid driver’s license; proof of voter registration; a permanent dwelling place in the State; or proof of filing of a resident income tax return.

Public Law 2005, chapter 493 was enacted as an emergency measure effective March 16, 2006.

**LD 1782**

**An Act To Prevent Elder and Dependent Adult Financial Abuse**

**ONTP**

Sponsor(s)  
MAYO  
PERRY A

Committee Report  
ONTP

Amendments Adopted

LD 1782 proposed to require officers and employees of financial institutions to report suspected financial abuse of an elder or a dependent adult to local law enforcement or to local adult protective services. The bill provides that allegations by an elder or dependent adult are not sufficient to require reporting if the officer or employee of a financial institution has no knowledge of independent evidence or does not have a reasonable belief that financial abuse has occurred. The bill proposed to subject those who fail to report suspected financial abuse to civil violations with fines up to \$5,000 that must be paid by the financial institution. The bill proposed to add an immunity provision to protect those mandated to report from liability and a provision to make the reports confidential with limited exceptions for disclosure. The bill also proposed to require the Department of Health

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and Human Services to provide financial institutions with training materials and instructions for compliance with the mandatory reporting requirements in the bill.

**LD 1783**                      **An Act To Amend the Maine Consumer Credit Code as It Relates to Finance Charges for Loans on Open-end Credit**                      **PUBLIC 484**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN PERRY A	OTP-AM	S-451

LD 1783 proposed to exempt home equity lines of credit accessed by a credit card from the provision of law that prohibits the imposition of a finance charge on purchases made during a billing cycle if the purchases are paid for no later than 25 days after the closing date of that billing cycle.

**Committee Amendment “A” (S-451)** proposed to clarify that home equity lines of credit accessed by a credit card are still subject to the Maine Consumer Credit Code provisions limiting the maximum interest rate for home equity lines of credit to 18%.

### *Enacted law summary*

Public Law 2005, chapter 484 exempts home equity lines of credit accessed by a credit card from the provision of law that prohibits the imposition of a finance charge on purchases made during a billing cycle if they are paid for no later than 25 days after the closing date of that billing cycle. The law also clarifies that home equity lines of credit accessed by a credit card are still subject to the Maine Consumer Credit Code provisions limiting the maximum interest rate for home equity lines of credit to 18%.

**LD 1801**                      **An Act To Amend the Maine Insurance Guaranty Association Act**                      **ONTP**

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

LD 1801 proposed to permit the Workers’ Compensation Board to audit workers’ compensation claims administered by the Maine Insurance Guaranty Association for the purpose of reviewing the timeliness of claims payments and whether the association is unreasonably contesting claims. Under current law, the Workers’ Compensation Board does not have that authority.

A related bill, LD 2068, An Act Regarding the Maine Insurance Guaranty Association, was considered by the Joint Standing Committee on Labor and enacted as Public Law 2005, chapter 603

*Joint Standing Committee on Insurance and Financial Services*

LD 1845

An Act To Increase Access to Health Insurance Products

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BRYANT M	OTP-AM MAJ	
BRYANT B	OTP-AM MIN	

LD 1845 proposed to allow the Board of Directors of Dirigo Health to cancel or not renew a contract with an insurance carrier to provide health care insurance to members of Dirigo Health. In the event of cancellation or nonrenewal of a contract to provide health care insurance under Dirigo Health by either the insurance carrier or the board, the board is authorized to establish an alternative organizational structure to provide health insurance coverage or to expand an existing public plan without seeking legislative approval.

**Committee Amendment “A” (H-1012)** is the majority report of the committee and replaced the bill. The amendment proposed to expand the Dirigo Health Board of Directors from 5 to 9 members and rename it the Board of Trustees of Dirigo Health. The amendment requires that 3 voting members of the board have expertise in accounting, banking, securities or insurance and adds the Treasurer of State as an ex officio, nonvoting member. The amendment clarifies that 5 members of the board constitute a quorum and that an affirmative vote of 5 members is needed for the board to take action. The amendment extends the limitation on personal liability of trustees under the Maine Uniform Trust Code to the trustees of Dirigo Health.

The amendment proposed to permit licensed insurance producers with health authority to sell the Dirigo Health Program insurance products if the producer meets certain training requirements. Additionally, the bill exempts producers from the appointment requirement solely for purposes of selling the Dirigo Health Program insurance products and holds a carrier underwriting Dirigo Health Program coverage harmless from liability for any actions of such producers.

The amendment would give authority to Dirigo Health to provide access to health benefits coverage through the Dirigo Health Self-administered Plan after the board evaluates bids for self-administered and fully insured benefits coverage. If the board makes the decision to provide coverage through a self-administered plan, the amendment requires the board to report to the joint standing committee of the Legislature having jurisdiction over health insurance matters within 30 days of the decision. The amendment also gives the committee the authority to report out legislation relating to the self-administered plan.

If the Dirigo Health Self-administered Plan is established, the amendment would authorize the board to enter into voluntary cooperative agreements with a public purchaser for purchasing and administrative functions only, but requires that the risk pools and reserves of the Dirigo Health Self-administered Plan and any public purchaser not be commingled. The amendment proposed to expand the duties and responsibilities of the board with regard to the establishment and ongoing management of the self-administered plan. The amendment would require the board to contract for services from actuaries, investment counsel, financial institutions, 3rd-party administrators and any other organization necessary to administer the plan. The amendment requires an actuary under contract to the board to determine the appropriate level of reserves and administrative costs for the plan and the amount of stop loss insurance necessary, provide opinions regarding the actuarial soundness of the plan, develop a rate structure for the plan and report annually to the board.

The amendment would require the Dirigo Health Self-administered Plan to maintain reserves at least equal to the sum of the amount necessary to pay claims and administrative costs for the assumed risk for 2 1/2 months and the amount determined annually by a qualified actuary to be necessary to fund the unpaid portion of ultimate expected losses and related expenses incurred in the provision of benefits. The amendment requires the reserve

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account to be adjusted on a quarterly basis and to be capitalized from any initial start-up funds transferred into the account by Dirigo Health, monthly enrollee payments, any funds received from any public or private source, legislative appropriations, payments from any state departments or agencies and any other means approved by the Legislature. The amendment also authorizes the board to purchase excess or stop loss insurance at attachment limits and levels recommended by a qualified actuary and removes the authority to establish a self-administered plan in the event the board is unable to purchase that insurance.

The amendment would require the Dirigo Health Self-administered Plan to meet the same requirements of the Maine Insurance Code that would be required by state law if health benefits coverage were provided by a health insurance carrier for community rating, guaranteed issuance, guaranteed renewal, continuity of coverage and mandated benefits. The amendment also requires that the self-administered plan extend the same benefits, rights and protections of the Maine Revised Statutes, Title 24-A, chapter 56-A and Bureau of Insurance Rule Chapter 850, including a limited right to sue the Dirigo Health Self-administered Plan. The amendment specifically waives the State's defense of immunity under the Maine Tort Claims Act.

Committee Amendment "A" was not adopted.

**Committee Amendment "B" (H-1013)** is the minority report of the committee and replaced the bill. The amendment proposed to end the terms of current Board of Directors of Dirigo Health members on September 30, 2006 and requires that the terms of new members be staggered. The amendment retains the 5-member board but requires that 2 of the 5 members be elected by Dirigo enrollees by written ballot. The amendment also adds 2 nonvoting members appointed by the Governor to represent labor and consumer advocacy interests.

The amendment would clarify that the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters is the committee of jurisdiction over Dirigo Health. The amendment requires the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters to review the Dirigo Health budget and make recommendations to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs. The amendment also proposed to require Dirigo Health to be reviewed under the Government Evaluation Act in 2007.

The amendment proposed to allow all carriers licensed to transact health insurance in this State to offer health insurance plans eligible for subsidy under the Dirigo Health Program if the plan is comparable to the prototype for a health benefits package developed by Dirigo Health and certified by the Superintendent of Insurance.

The amendment proposed to limit eligibility for Dirigo Health Program coverage to employers and individuals who did not have prior health insurance coverage for 6 months. The amendment also would require that Dirigo Health apply an asset limit that is 3 times the limits applied by MaineCare to determine eligibility for subsidies in addition to the requirement that an individual's income be at 300% or below the federal poverty level. The amendment requires that the subsidies be applied only to the premium cost for Dirigo Health Program coverage.

The amendment proposed to repeal the savings offset payment as the source of funding for subsidies for the Dirigo Health Program and instead would require an annual transfer of \$15,000,000 from General Fund undedicated revenue to support subsidies. The amendment also prohibits any funds collected by Dirigo Health from being used as the state share for an individual directly enrolled in MaineCare.

The amendment proposed to clarify that the amount of the subsidy received by individuals enrolled in Dirigo Health is not included as income for the purposes of determining eligibility for MaineCare. The amendment added an appropriations and allocations section to the bill. Committee Amendment "B" was not adopted.

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**House Amendment “A” to Committee Amendment “A” (H-1060)** proposed to remove all of the provisions in the majority report and turn the bill into a resolve requiring the creation of the Blue Ribbon Commission To Study Alternative Models for the Dirigo Health Program. The amendment proposed to require the commission to study alternative models, including the formation of a self-administered plan, the establishment of a nonprofit entity, the use of a voucher system and other models. The commission is composed of 11 members, including 4 Legislators, a representative of the Dirigo Health Board of Directors and members representing the interests of employers, health insurance carriers, hospitals, insurance producers and consumers. The amendment requires the commission to report to the First Regular Session of the 123rd Legislature and also authorizes the commission to introduce recommended legislation. This amendment adds an appropriations and allocations section. House Amendment “A” to Committee Amendment “A” was not adopted.

**House Amendment “A” to Committee Amendment “B” (H-1052)** proposed to reduce the amount of the annual transfer from the General Fund undedicated revenue from \$15,000,000 to \$2,700,000 to support subsidies for the Dirigo Health Program. House Amendment “A” to Committee Amendment “B” was not adopted.

**House Amendment “B” to Committee Amendment “A” (H-1074)** proposed to incorporate all of the elements of Committee Amendment “B” into Committee Amendment “A”. House Amendment “B” to Committee Amendment “A” was not adopted.

**House Amendment “C” to Committee Amendment “A” (H-1099)** proposed to clarify that the amount of the subsidy received by an individual enrolled in the Dirigo Health Program is not included as income for state income tax purposes or for the purposes of determining eligibility for MaineCare. House Amendment “C” to Committee Amendment “A” was not adopted.

**Senate Amendment “A” to Committee Amendment “A” (S-632)** proposed to incorporate all of the elements of Committee Amendment “B” into Committee Amendment “A”. Senate Amendment “A” to Committee Amendment “A” was not adopted.

**Senate Amendment “B” to Committee Amendment “A” (S-633)** proposed to remove all of the provisions in the majority report and turn the bill into a resolve requiring the creation of the Blue Ribbon Commission To Study Alternative Models for the Dirigo Health Program. The amendment would require the commission to study alternative models, including the formation of a self-administered plan, the establishment of a nonprofit entity, the use of a voucher system and other models. The commission is composed of 11 members, including 4 Legislators, a representative of the Dirigo Health Board of Directors and members representing the interests of employers, health insurance carriers, hospitals, insurance producers and consumers. The amendment requires the commission to report to the First Regular Session of the 123rd Legislature and also authorizes the commission to introduce recommended legislation. This amendment adds an appropriations and allocations section. Senate Amendment “B” to Committee Amendment “A” was not adopted.

**Senate Amendment “C” to Committee Amendment “A” (S-640)** proposed to require that the Dirigo Health Self-administered Plan must be approved by the Superintendent of Insurance before the plan may commence operations. The amendment would require that the superintendent determine that the plan will be operated in accordance with sound actuarial principles and has demonstrated compliance with the requirements of the Maine Revised Statutes, Title 24-A, section 6981.

The amendment also proposed to clarify that, after the initial approval of the self-administered plan, the Dirigo Health Board of Trustees must submit its actuarial assumptions to the Superintendent of Insurance annually for

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the superintendent's review and comment. Senate Amendment "C" to Committee Amendment "A" was not adopted.

### LD 1855                      **An Act To Establish the Securities Investor Education and Training Fund**                      **PUBLIC 485**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERRY A MAYO	OTP-AM	H-753

LD 1855 proposed to establish a Securities Investor Education and Training Fund as a dedicated, nonlapsing fund within the Department of Professional and Financial Regulation, Office of Securities to be used for the purposes of securities education and training. The fund would be limited to grant or donation funds, as well as amounts credited to the education and training fund pursuant to designations in consent orders or agreements and court orders or judgments, and would be independent from the operating fund of the Office of Securities.

**Committee Amendment "A" (H-753)** proposed to clarify that payments made to the Securities Investor Education and Training Fund that are designated in a consent order or consent agreement must result from a multistate investigation or a joint investigation with the federal Securities and Exchange Commission. It also proposed to add an appropriations and allocations section to the bill.

#### *Enacted law summary*

Public Law 2005, chapter 485 establishes the Securities Investor Education and Training Fund as a dedicated nonlapsing fund within the Department of Professional and Financial Regulation, Office of Securities to be used for the purposes of securities education and training. The fund must consist of grant or donation funds, as well as amounts credited to the education and training fund pursuant to designations in consent orders or agreements and court orders or judgments that result from a multistate investigation or a joint investigation with the federal Securities and Exchange Commission. The fund is independent from the operating fund for the Office of Securities.

### LD 1935                      **An Act To Protect Health Insurance Consumers**                      **INDEF PP**

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

LD 1935 proposed to prohibit insurance carriers from including the costs of the savings offset payment used to support subsidies for the Dirigo Health Program in health insurance premium rates.

**Committee Amendment "A" (S-655)** is the majority report of the committee and replaced the bill.

Part A of the amendment proposed to do the following.

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It requires carriers to certify that the carrier has not included profit from any savings realized by the carrier that were the result of the operation of Dirigo Health and any increased MaineCare enrollment due to an expansion in MaineCare eligibility and to use their best efforts to limit the impact of the savings offset payment on rates.

It reduces the savings offset payment for plan year 2006 to \$23,000,000.

It requires Dirigo Health to renegotiate with the carrier contracted to underwrite the Dirigo Health Program for the purpose of reducing the 2006 experience modification payment by \$11,000,000.

It requires Dirigo Health to achieve savings of \$1.9 million in administrative costs.

Part B of the amendment proposed to create the Blue Ribbon Commission on the Long-term Funding of the Dirigo Health Program to study the Dirigo Health Program and make recommendations on a long-term funding mechanism in an effort to ensure its sustainability. It is the intent of the Legislature that the commission recommend a long-term funding mechanism to replace the savings offset payment as the sole source of funding subsidies for the Dirigo Health Program. The commission is required to submit a report by November 1, 2006 to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs. The joint standing committee of the Legislature having jurisdiction over insurance and financial services matters shall report out legislation to address the impact of the savings offset payment on health insurance premium rates.

The amendment also removed the emergency preamble and the emergency clause from the bill and added an appropriations and allocations section. Committee Amendment “A” was initially adopted in the Senate, but failed to be adopted in the House.

**Committee Amendment “B” (S-656)** is the minority report of the committee and replaced the bill. The amendment proposed to repeal the savings offset payment as a source of funding subsidies for the Dirigo Health Program. The amendment would require that the subsidy program for DirigoChoice enrollees and the Maine Quality Forum, which were funded with the savings offset payment, continue with funding from existing resources of the Dirigo Health Program. The amendment also makes the repeal of the savings offset payment retroactive for plan years beginning on or after January 1, 2006 and requires the Dirigo Health Agency to refund to health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers any savings offset payments already collected.

The amendment also proposed to establish the Blue Ribbon Commission on Potential Funding Sources for the Dirigo Health Program. The amendment requires the commission to study potential funding sources and make recommendations for a long-term funding source. The commission is required to submit its report by November 1, 2006. The amendment adds an appropriations and allocations section to reflect the costs of the commission to the Legislature.

The amendment also removed the emergency preamble and the emergency clause from the bill. Committee Amendment “B” was not adopted.

**House Amendment “A” (H-1117)** proposed to make the following changes to the laws governing Dirigo Health.

It prohibits administrators from passing the costs of the savings offset payment to covered individuals. It gives the Superintendent of Insurance authority to provide relief to those administrators that demonstrate the funds available are inadequate.

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It requires health insurance carriers and administrators to notify insureds of the savings attributable to the Dirigo Health Program and Public Law 2003, chapter 469.

It clarifies that aggregate measurable cost savings are not limited to bad debt and charity care but rather include all cost savings initiatives contained in Public Law 2003, chapter 469 and further cost savings initiatives adopted and approved by the Board of Directors of Dirigo Health.

It establishes a fixed amount of \$35,000,000 as the savings offset payment for plan years beginning January 1, 2006 to December 31, 2006.

It also removes the emergency preamble and emergency clause and adds an appropriations and allocations section. House Amendment "A" was not adopted.

**House Amendment "A" to Committee Amendment "A" (H-1090)** proposed to direct Dirigo Health to achieve ongoing savings of \$200,000 per year beginning fiscal year 2006-07 by implementing an across-the-board reduction in payroll expenses. House Amendment "A" to Committee Amendment "A" was not adopted.

**House Amendment "B" to Committee Amendment "A" (H-1091)** proposed to require that Dirigo Health apply an asset limit that is 3 times the limits applied by MaineCare to determine eligibility for subsidies in addition to the requirement that an individual's income be at 300% or below the federal poverty level. The amendment would require that the subsidies be applied only to the premium cost for Dirigo Health Program coverage. House Amendment "B" to Committee Amendment "A" was not adopted.

**House Amendment "C" to Committee Amendment "A" (H-1092)** proposed to require the Office of Program Evaluation and Government Accountability to investigate Dirigo Health's contracting for actuarial services and the expenditure of fees for those services. The office is required to report its findings to the Joint Standing Committee on Insurance and Financial Services no later than October 15, 2006. House Amendment "C" to Committee Amendment "A" was not adopted.

**House Amendment "D" to Committee Amendment "A" (H-1093)** proposed to prohibit Dirigo Health from using Dirigo Health funds to advertise the existence of Dirigo Health. House Amendment "D" to Committee Amendment "A" was not adopted.

**House Amendment "E" to Committee Amendment "A" (H-1094)** proposed to require the savings offset payment, as reduced by Committee Amendment "A" to a maximum of \$23,000,000, to be transferred to an account administered by the state agency that administers MaineCare and used to provide a state match for federal Medicaid dollars for the costs of paying hospitals in full for services provided under the MaineCare program. The amendment also added an appropriations and allocations section. House Amendment "E" to Committee Amendment "A" was not adopted.

**House Amendment "F" to Committee Amendment "A" (H-1095)** proposed to repeal the savings offset payment as the source of funding for subsidies for the Dirigo Health Program. House Amendment "F" to Committee Amendment "A" was not adopted.

**House Amendment "G" to Committee Amendment "A" (H-1096)** proposed to replace the provisions of Committee Amendment "A" with provisions that prohibit insurance carriers from including the costs of the savings offset payment used to support the Dirigo Health Program in health insurance premium rates. House Amendment "G" to Committee Amendment "A" was not adopted.

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**House Amendment “H” to Committee Amendment “A” (H-1100)** proposed to add provisions that prohibit insurance carriers from including the costs of the savings offset payment used to support the Dirigo Health Program in health insurance premium rates to Committee Amendment “A”. House Amendment “H” to Committee Amendment “A” was not adopted.

**House Amendment “I” to Committee Amendment “A” (H-1105)** proposed to strike the provisions of Committee Amendment “A” to L.D. 1935 that govern the savings offset payment for plan years beginning on or after January 1, 2006 to December 31, 2006 and replace them with a provision that states that the savings offset payment for plan years beginning January 1, 2006 to December 31, 2006 must equal a total of \$23,000,000 for all health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers. It also proposed to change the deadline for the Blue Ribbon Commission on the Long-term Funding of the Dirigo Health Program to report to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs from November 1, 2006 to November 15, 2006. House Amendment “I” to Committee Amendment “A” was not adopted.

**House Amendment “J” to Committee Amendment “A” (H-1109)** proposed to strike the provisions of Committee Amendment “A” to L.D. 1935 that govern the savings offset payment for plan years beginning on or after January 1, 2006 to December 31, 2006 and replace them with a provision that states that the savings offset payment for plan years beginning January 1, 2006 to December 31, 2006 must equal a total of \$23,000,000 for all health insurance carriers, 3rd-party administrators and employee benefit excess insurance carriers. It also proposed to specify that the provision may not be construed by a court of law as affirming or not affirming any actions of the Board of Directors of Dirigo Health or the Superintendent of Insurance. It proposed to change the deadline for the Blue Ribbon Commission on the Long-term Funding of the Dirigo Health Program to report to the joint standing committee of the Legislature having jurisdiction over insurance and financial services matters and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs from November 1, 2006 to November 15, 2006. House Amendment “J” to Committee Amendment “A” was not adopted.

**House Amendment “K” to Committee Amendment “A” (H-1116)** proposed to make the following changes to the laws governing Dirigo Health.

It prohibits insurance carriers from including the costs of the savings offset payment used to support the Dirigo Health Program in health insurance premium rates.

It prohibits administrators from passing the costs of the savings offset payment to covered individuals. It gives the Superintendent of Insurance authority to provide relief to those administrators that demonstrate the funds available are inadequate.

It requires health insurance carriers and administrators to notify insureds of the savings attributable to the Dirigo Health Program and Public Law 2003, chapter 469.

It clarifies that aggregate measurable cost savings are not limited to bad debt and charity care but rather include all cost savings initiatives contained in Public Law 2003, chapter 469 and further cost savings initiatives adopted and approved by the Board of Directors of Dirigo Health.

It establishes a fixed amount of \$35,000,000 as the savings offset payment for plan years beginning January 1, 2006 to December 31, 2006.

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House Amendment “K” to Committee Amendment “A” was not adopted.

**Senate Amendment “A” (S-676)** proposed to make the following changes to the laws governing Dirigo Health.

It prohibits administrators from passing the costs of the savings offset payment to covered individuals. It gives the Superintendent of Insurance authority to provide relief to those administrators that demonstrate the funds available are inadequate.

It requires health insurance carriers and administrators to notify insureds of the savings attributable to the Dirigo Health Program and Public Law 2003, chapter 469.

It clarifies that aggregate measurable cost savings are not limited to bad debt and charity care but rather include all cost savings initiatives contained in Public Law 2003, chapter 469 and further cost savings initiatives adopted and approved by the Board of Directors of Dirigo Health.

It establishes a fixed amount of \$35,000,000 as the savings offset payment for plan years beginning January 1, 2006 to December 31, 2006.

It also removes the emergency preamble and emergency clause and adds an appropriations and allocations section. Senate Amendment “A” was not adopted.

**Senate Amendment “A” to Committee Amendment “A” (S-698)** proposed to incorporate all of the provisions from Committee Amendment “A” to LD 1845 into the bill. The amendment proposed to expand the Dirigo Health Board of Directors from 5 to 9 members and renames it the Board of Trustees of Dirigo Health. The amendment requires that 3 voting members of the board have expertise in accounting, banking, securities or insurance and adds the Treasurer of State as an ex officio, nonvoting member. The amendment clarifies that 5 members of the board constitute a quorum and that an affirmative vote of 5 members is needed for the board to take action. The amendment extends the limitation on personal liability of trustees under the Maine Uniform Trust Code to the trustees of Dirigo Health.

The amendment proposed to permit licensed insurance producers with health authority to sell the Dirigo Health Program insurance products if the producer meets certain training requirements. Additionally, the bill exempts producers from the appointment requirement solely for purposes of selling the Dirigo Health Program insurance products and holds a carrier underwriting Dirigo Health Program coverage harmless from liability for any actions of such producers.

The amendment proposed to give authority to Dirigo Health to provide access to health benefits coverage through the Dirigo Health Self-administered Plan after the board evaluates bids for self-administered and fully insured benefits coverage. If the board makes the decision to provide coverage through a self-administered plan, the amendment requires the board to report to the joint standing committee of the Legislature having jurisdiction over health insurance matters within 30 days of the decision. The amendment also gives the committee the authority to report out legislation relating to the self-administered plan.

If the Dirigo Health Self-administered Plan is established, the amendment would authorize the board to enter into voluntary cooperative agreements with a public purchaser for purchasing and administrative functions only, but requires that the risk pools and reserves of the Dirigo Health Self-administered Plan and any public purchaser not be commingled. The amendment expands the duties and responsibilities of the board with regard to the establishment and ongoing management of the self-administered plan. The amendment requires the board to contract for services from actuaries, investment counsel, financial institutions, 3rd-party administrators and any

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other organization necessary to administer the plan. The amendment requires an actuary under contract to the board to determine the appropriate level of reserves and administrative costs for the plan and the amount of stop loss insurance necessary, provide opinions regarding the actuarial soundness of the plan, develop a rate structure for the plan and report annually to the board.

The amendment would require the Dirigo Health Self-administered Plan to maintain reserves at least equal to the sum of the amount necessary to pay claims and administrative costs for the assumed risk for 2 1/2 months and the amount determined annually by a qualified actuary to be necessary to fund the unpaid portion of ultimate expected losses and related expenses incurred in the provision of benefits. The amendment requires the reserve account to be adjusted on a quarterly basis and to be capitalized from any initial start-up funds transferred into the account by Dirigo Health, monthly enrollee payments, any funds received from any public or private source, legislative appropriations, payments from any state departments or agencies and any other means approved by the Legislature. The amendment also authorizes the board to purchase excess or stop loss insurance at attachment limits and levels recommended by a qualified actuary and removes the authority to establish a self-administered plan in the event the board is unable to purchase that insurance.

The amendment would require the Dirigo Health Self-administered Plan to meet the same requirements of the Maine Insurance Code that would be required by state law if health benefits coverage were provided by a health insurance carrier for community rating, guaranteed issuance, guaranteed renewal, continuity of coverage and mandated benefits. The amendment also requires that the self-administered plan extend the same benefits, rights and protections of the Maine Revised Statutes, Title 24-A, chapter 56-A and Bureau of Insurance Rule Chapter 850, including a limited right to sue the Dirigo Health Self-administered Plan. The amendment specifically waives the State's defense of immunity under the Maine Tort Claims Act.

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

**LD 1945**

**An Act To Establish a High-risk Health Insurance Pool**

**DIED BETWEEN  
BODIES**

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

LD 1945 proposed to require the Department of Professional and Financial Regulation, Bureau of Insurance to apply for federal funds that Congress is offering states to create high-risk insurance pools. The bill proposed to repeal the requirement of guaranteed issue for individual health insurance and enact the Comprehensive Health Insurance Risk Pool Association Act. The bill also proposed to require a study of a reinsurance pool for the small group market.

**Committee Amendment "A" (H-950)** is the minority report of the committee and proposed to make the following changes to the bill.

The amendment broadens 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.

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The amendment changes the composition of the board of directors of the high-risk pool by removing the legislative members and adding 2 additional members who are member insurers.

The amendment repeals the community rating law for small group health plans effective January 1, 2009 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.

The amendment 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.

The amendment also added an appropriations and allocations section to the bill. Committee Amendment "A" was adopted in the House, but not in the Senate. In the Senate, LD 1945 was ruled not properly before the body.

### **LD 1990                      An Act To Create the Insurance Fraud Division within the Bureau of Insurance                      DIED BETWEEN BODIES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM      MAJ	H-924
	ONTP        MIN	

LD 1990 proposed to establish the Insurance Fraud Division within the Department of Professional and Financial Regulation, Bureau of Insurance to investigate acts of insurance fraud. The bill proposed to retain existing statutory provisions requiring insurers to include fraud warnings on insurance applications and claim forms, to file antifraud plans and to file annual reports with the Superintendent of Insurance. The bill proposed to require persons in the business of insurance with knowledge or suspicion of fraudulent insurance acts to report those to the Superintendent of Insurance.

**Committee Amendment "A (H-924)** is the majority report of the committee and replaced the bill. The amendment proposed to establish the Insurance Fraud Division within the Department of Professional and Financial Regulation, Bureau of Insurance. The amendment requires insurers with knowledge or suspicion of fraudulent insurance acts to report those activities to the Bureau of Insurance. The amendment provides for the confidentiality of records relating to insurance fraud investigations in a manner similar to the provision of confidentiality under current state law for investigative and intelligence information in the possession of other law enforcement entities. The amendment does permit the Insurance Fraud Division to share investigatory information with certain national and international agencies. The amendment also extends the immunity provision in current law to certain communications between insurers with respect to fraudulent insurance acts.

The amendment also added an appropriations and allocations section to the bill. Committee Amendment "A" was adopted in the Senate, but failed to be adopted in the House.

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**LD 2014**

**An Act Protecting Youth from Losing Health Insurance Coverage**

**PUBLIC 532**

<u>Sponsor(s)</u> MAYO PERRY A	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-512
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LD 2014 proposed to require health insurance carriers to continue coverage for dependent children up to 24 years of age who are unable to maintain enrollment in college due to mental or physical illness if the carrier would otherwise terminate coverage under a policy due to a requirement that dependent children of a specified age be enrolled in college to maintain eligibility.

**Committee Amendment “A” (S-512)** replaced the bill. The amendment proposed to require health insurance carriers that provide coverage to dependent children at certain ages only if the children are students to continue coverage for a student who is unable to remain in school on a full-time basis due to a mental or physical illness or accidental injury. The amendment proposed to permit carriers to require the student to provide written documentation from a health care provider and the student's school that the student is no longer enrolled in school full-time due to a mental or physical illness or accidental injury.

*Enacted law summary*

Public Law 2005, chapter 532 requires individual and group health insurers that provide coverage to dependent children at certain ages only if the children are students to continue coverage for a student who is unable to remain in school on a full-time basis due to a mental or physical illness or accidental injury. The law permits insurers to require the student to provide written documentation from a health care provider and the student's school that the student is no longer enrolled in school full-time due to a mental or physical illness or accidental injury.

**LD 2017**

**An Act To Amend the Notice of Risk to Personal Data Act**

**PUBLIC 583**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ	H-925
	ONTP MIN	

LD 2017 proposed to expand to other types of persons and businesses, including colleges and universities, the current requirement that information brokers notify consumers upon a security breach of the consumers' personal information. The bill also would establish a private cause of action for certain violations of the obligation to notify consumers.

The bill also proposed to require the State's Chief Information Officer to develop standards and policies requiring notification by state agencies to Maine residents upon a security breach of personal information.

**Committee Amendment “A” (H-925)** is the majority report of the committee. The amendment proposed to make the following changes to the bill.

1. It removes the section that permits persons to bring a private cause of action for violations of the notice provisions.

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2. It adds language to clarify that if an entity complies with file breach notification requirements established pursuant to federal or Maine law, and if those requirements are at least as protective as the protections granted by this legislation, that entity is deemed to be in compliance with the notification requirements of the bill.
3. It specifies that when a person is required to notify consumer reporting agencies of a security breach, the agencies must be informed of the date of the breach, an estimate of the number of individuals affected by the breach, if known, and the actual or anticipated date that the individuals were or will be notified of the breach.
4. It amends the definition of “person” to include State Government, the University of Maine System, the Maine Community College System and Maine Maritime Academy so that those entities are subject to the notification requirements of the bill. The amendment also exempts those parties from the civil fine provisions of the Maine Revised Statutes, Title 10, section 1349, subsection 2 but leaves them subject to equitable and injunctive remedies.
5. It clarifies that the definition of personal information subject to the notice requirements of the bill after a security breach does not apply to information maintained in 3rd-party claims databases of property and casualty insurance companies.
6. It extends authority to the Attorney General’s office with respect to persons not under the jurisdiction of the regulatory agencies within the Department of Professional and Financial Regulation.
7. It requires the Department of Professional and Financial Regulation and the Attorney General to undertake reasonable efforts to inform persons of their responsibilities under this legislation.
8. It delays the effective date of this legislation until January 31, 2007.

**House Amendment “A” to Committee Amendment “A” (H-951)** proposed to strike the language that indicates that “personal information” does not include “information from 3rd-party claims databases maintained by property and casualty insurers.” House Amendment “A” to Committee Amendment “A” was not adopted.

### *Enacted law summary*

Public Law 2005, chapter 583 extends the current requirement that information brokers notify consumers upon a security breach of the consumers' personal information to other types of persons and businesses, including state government, colleges and universities. The law requires a person who maintains computerized data that includes personal information to notify residents of this State of a security breach if, after a good faith investigation upon becoming aware of a security breach, the person determines that personal information has been misused or it is reasonably possible that misuse will occur. The law provides that if an entity complies with file breach notification requirements established pursuant to federal or Maine law, and if those requirements are at least as protective as the protections granted by the requirements of Public Law 2005, chapter 583, that entity is deemed to be in compliance with the notification requirements of the law.

The law requires that when a person notifies consumer reporting agencies of a security breach, the agencies must be informed of the date of the breach, an estimate of the number of individuals affected by the breach, if known, and the actual or anticipated date that the individuals were or will be notified of the breach. Under current law, persons are required to notify consumer reporting agencies if the security breach requires notification to more than 1,000 persons at a single time.

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The law clarifies that the definition of personal information subject to the notice requirements of the law after a security breach does not apply to information maintained in 3rd-party claims databases of property and casualty insurance companies.

The law extends regulatory and enforcement authority to the Attorney General's office with respect to persons not under the jurisdiction of the regulatory agencies within the Department of Professional and Financial Regulation. The law also requires the Department of Professional and Financial Regulation and the Attorney General to undertake reasonable efforts to inform persons of their responsibilities under this legislation.

Public Law 2005, chapter 583 takes effect January 31, 2007.

**LD 2021**

**An Act To Clarify the Uninsured Motorist Laws**

**PUBLIC 591**

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

LD 2021 was submitted by the Joint Standing Committee on Insurance and Financial Services pursuant to Resolve 2005, chapter 100. The bill proposed to clarify the Legislature's intent regarding the uninsured motorist statute in response to the Law Court's 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-870)** is the minority report of the committee. The amendment proposed to clarify that an insurance policy must allow for recovery under uninsured motorist coverage for the death of a parent or child of the insured to the extent a person may be legally entitled to recover damages for wrongful death. Committee Amendment "A" was not adopted.

### ***Enacted law summary***

Public Law 2005, chapter 591 clarifies the Legislature's intent regarding the uninsured motorist statute in response to the Law Court's decision in Butterfield v. Norfolk and Dedham Mutual Fire Insurance Company, 2004 ME 124, Maine Supreme Judicial Court, September 30, 2004. The law clarifies 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.

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**LD 2059**

**An Act To Allow an Insured To Terminate Life Insurance  
Coverage under a Policy Owned by Another**

**ONTP**

Sponsor(s)  
JACKSON  
MARTIN

Committee Report  
ONTP

Amendments Adopted

LD 2059 proposed to allow an insured to request that coverage be cancelled under an individual life insurance policy not owned by the insured if the circumstances establishing the original insurable interest no longer exist. As proposed in the bill, one form of proof of termination of the original insurable interest would be a copy of the final divorce decree of the owner of the policy and the insured.