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State of Maine  
 ONE HUNDRED AND TWENTY-SIXTH LEGISLATURE  
 COMMITTEE ON INSURANCE AND FINANCIAL SERVICES

To: Dawn Hill, Senate Chair  
 Margaret Rotundo, House Chair  
 Joint Standing Committee on Appropriations and Financial Affairs

From: Geoffrey M. Gratwick, Senate Chair  
 Sharon Anglin Treat, House Chair  
 Joint Standing Committee on Insurance and Financial Services

Date: April 11, 2013

Subject: Insurance and Financial Services Committee Recommendations on the  
 Governor's Biennial Budget Bill (LR 1046)

We are writing to provide the recommendations of the Joint Standing Committee on Insurance and Financial Services on those portions of the Governor's Biennial Budget Bill (LR 1046) that were considered in public hearing on March 15, 2013: (1) the Department of Professional and Financial Regulation's Bureau of Financial Institutions, Bureau of Consumer Credit Regulation, Bureau of Insurance and Office of Securities; (2) the Dirigo Health Program; and (3) the Accident, Sickness and Health Insurance Program supporting the Office of Employee Health and Benefits and its programs within the Department of Administrative and Financial Services. We have reviewed and discussed these initiatives and appreciate your consideration of our recommendations and comments.

### 1. Department of Professional and Financial Regulation

The committee voted unanimously to support the baseline budgets and initiatives presented in LR 1046 (11-0 of members voting) for the Bureau of Consumer Credit Protection, Bureau of Financial Institutions, Bureau of Insurance and Office of Securities. (See IFS 9 to 18). The committee believes the core mission of these agencies to protect consumers is critically important during the current economic conditions in Maine and nationwide because these agencies regulate and oversee financial institutions, insurance companies, entities that extend or facilitate consumer credit and entities that sell investments or provide investment advice. The authorized allocations within the proposed budget support the level of oversight necessary to protect consumers and ensure the viability of the financial services entities operating in the State. We note that these

agencies and the department as a whole are fully supported through dedicated revenue paid by regulated entities.

The committee does want to call your attention to the importance of the Foreclosure Prevention Program within the Bureau of Consumer Credit Protection. Although the committee supports the budget initiatives that reflect a reduction in available funding for housing counselor contracts provided through the program, recent data indicates that the number of foreclosure filings and notices of mortgage loan defaults remain high. The committee understands that the State of Maine may benefit through a potential multi-state settlement with mortgage lenders. If Maine receives funding through a multi-state settlement, the committee strongly recommends that additional resources be allocated to the Bureau of Consumer Credit Protection's Foreclosure Prevention Program to restore the funding decrease reflected in this budget. At the same time, the committee has asked that the Bureau continue its effort to find administrative efficiencies in the program, especially as it relates to the mailing of informational materials to consumers that receive more than one notice of default within a certain period of time.

With regard to the Office of Securities, the committee also wants to make you aware of the emerging issue of crowdfunding platforms as a source of investment in small businesses. One of the initiatives within the Office of Securities' budget is to increase the hours of the Assistant Securities Administrator to 80 hours bi-weekly. These additional resources will be used to review anticipated federal rules governing equity crowdfunding platforms as an investment vehicle and to review the use of these platforms by Maine businesses to facilitate capital investment by individuals. The committee supports this initiative to ensure those individuals interested in these types of investments are provided adequate disclosures while minimizing delays in investments in small businesses, particularly startups.

## **2. Dirigo Health**

The committee voted unanimously (11-0) to support the baseline budget and initiatives presented for the Dirigo Health Agency. See IFS 6. As the Dirigo Health Agency is planning for the termination of its coverage programs, the committee wants to ensure that those receiving coverage through those programs are provided assistance to transition to other health coverage beginning in January 1, 2014, particularly to coverage through the health insurance exchange. The committee has requested that the Dirigo Health Agency provide regular, periodic updates on its transition planning for the retention of needed staff resources through June 30, 2015 to assist enrollees moving to other health coverage and to wind down the operations of the DirigoChoice program and other coverage programs. The committee believes the proposed budget will provide the appropriate flexibility and resources to the agency for an effective transition.

While the budget proposal reduces the overall funding and staffing for the Dirigo Health Agency in FY 15, the proposal does recommend the continuation of 2 positions within the Maine Quality Forum and retains approximately \$1.5 million in FY 15 to fund those positions. The committee members fully support the mission of the Maine Quality Forum. During the course of our budget work session, the committee was briefed on the February 2013 Report from the "LD 1818 Working Group to Evaluate Options and Actions Available to Improve the Availability of and Access to Health Care Data and To Examine the All-payor Claims Database System in Maine". One of the recommendations of the LD 1818 Working Group is that the work of the Maine Quality Forum be

continued within the Maine Health Data Organization to support ongoing data projects focused on quality improvement across the health care delivery system, to maximize the public use of existing and future data assets of the Maine Health Data Organization, and to provide an opportunity for multi-stakeholder engagement, subject to the availability of funding and the identification of administrative efficiencies by the governing boards of the Dirigo Health Agency and the Maine Health Data Organization. We have attached an excerpt from the LD 1818 Working Group's report outlining this recommendation. The committee voted unanimously (11-0) to ask that you consider additional statutory language that would endorse this recommendation and transfer the 2 positions within the Maine Quality Forum and the funding allocation in FY 15 from the Dirigo Health Agency to the Maine Health Data Organization. If additional positions are needed and adequate funding is available, the committee also supports providing flexibility to the agency to increase staffing resources. We have asked our legislative analyst to draft a proposed amendment, in collaboration with the Dirigo Health Agency and the Maine Health Data Organization, and will forward that to you as soon as possible

### **3. Accident, Sickness and Health Insurance Program**

The committee voted unanimously (11-0) to support the baseline budget related to the Accident Sickness and Health Insurance Program, including the relevant budget recommendations for the Accident, Sickness and Health Insurance Internal Service Fund, the Firefighters and Law Enforcement Officers Health Insurance Fund, the General Fund contribution to support health insurance coverage for participants in the Firefighters and Law Enforcement Health Insurance Program See IFS 1 to 4. The committee does not make any recommendation with regard to the Retiree Health Insurance Fund because the committee did not receive any testimony on this program.

### **4. Trade Adjustment Health Insurance Program**

The committee voted unanimously (11-0) to support the baseline budget allocation for the Trade Adjustment Health Insurance Program. See IFS-4.

We hope that the input we have provided on the budget proposals within our subject matter jurisdiction is given significant weight in your committee deliberations. We have considered our recommendations carefully and thoughtfully. We ask that you notify us of any work sessions related to the budgets of the entities within our policy jurisdiction so that committee members can attend and provide our comments directly.

Thank you for your consideration of our comments.

Attachments

cc: Insurance and Financial Services Committee



leverage public funding under sources such as the federal Health Information Technology Act and the Medicaid Meaningful Use Program.

- 6) Continuing the positions the Maine Quality Forum (MQF) within MHDO in order to support ongoing data projects focused on quality improvement across the Maine health care delivery system; maximizing the public use of existing and future data assets of the MHDO; and providing an opportunity for multi-stakeholder engagement. This recommendation is conditioned on the availability of funding, and on an analysis of administrative efficiencies and staffing needs.

After the completion of these “next step” items, further legislation may need to be considered to more fully inform ensuing policy discussions, modify existing laws, as well as implement new laws and rules.

Comments from individual committee members on earlier drafts of this report are included in Appendix J.

