

SENATE

NANCY B. SULLIVAN, DISTRICT 4, CHAIR
PETER B. BOWMAN, DISTRICT 1
LOIS A. SNOWE-MELLO, DISTRICT 15

COLLEEN MCCARTHY REID, LEGISLATIVE ANALYST
JAN CLARK, COMMITTEE CLERK



STATE OF MAINE

HOUSE

JOHN R. BRAUTIGAM, FALMOUTH, CHAIR
MARILYN E. CANAVAN, WATERVILLE
SHARON ANGLIN TREAT, FARMINGDALE
CHARLES R. PRIEST, BRUNSWICK
JILL M. CONOVER, OAKLAND
PATSY GARSIDE CROCKETT, AUGUSTA
WESLEY E. RICHARDSON, WARREN
MICHAEL A. VAUGHAN, DURHAM
JONATHAN B. MCKANE, NEWCASTLE
DAVID G. SAVAGE, FALMOUTH

ONE HUNDRED AND TWENTY-THIRD LEGISLATURE
COMMITTEE ON INSURANCE AND FINANCIAL SERVICES

TO: Sen. Margaret Rotundo, Senate Chair
Rep. Jeremy R. Fischer, House Chair
Members, Joint Standing Committee on Appropriations and Financial Affairs

FROM: Sen. Nancy B. Sullivan, Senate Chair *NBS*
Rep. John R. Brautigam, House Chair *JB*
Members, Joint Standing Committee on Insurance and Financial Services

DATE: March 13, 2008

RE: Comments on "Change Package"

We are writing with our comments on the proposals within the policy jurisdiction of the Joint Standing Committee on Insurance and Financial Services contained in the Governor's "change package."

Accident, Sickness and Health Insurance Internal Service Fund

We briefly reviewed the proposed reductions and transfers from the Accident, Sickness and Health Insurance Internal Service Fund. While we did have a short conference call with Frank Johnson, Executive Director of Employee Health and Benefits, about the proposals, the committee believes that further discussion and review of these changes is needed. The committee does have concerns about the potential changes to the benefit structure for the State Employee Health Plan and on the impact of the transfers from the equity reserves for the health insurance programs provided by the State. We recommend that the Appropriations Committee schedule a joint work session on the budget proposals related to the Accident, Sickness and Health Insurance Internal Service Fund so that both committees can confer with Frank Johnson to address these concerns and provide additional background on the impact of the proposals. We would also like to have the input of the State and Local Government Committee, who we understand has jurisdiction over the budget of the Department of Administrative and Financial

Services, including the Accident, Sickness and Internal Service Fund. At this time, we cannot make any specific recommendation on the proposed reductions and transfers from the Accident, Sickness and Internal Service Fund

Retired Law Enforcement and Firefighters Health Insurance Program

The committee previously commented on February 15, 2008 with regard to the proposed reduction of \$29,607 in the General Fund appropriation to this program. As we stated in our letter, we are not aware of any objections to the proposed reduction and have been told by Frank Johnson, Executive Director of Employee Health and Benefits, and certain stakeholders that the reduction can be absorbed without any effect on those retired law enforcement and firefighter personnel currently enrolled in the program.

LD 2173's provisions related to the Department of Financial Regulation

We also want to reiterate the recommendation we made to you on February 15, 2008 as to the proposed reorganization of the Department of Professional and Financial Regulation. In that letter, we submitted a proposed amendment to Sec. A-32 and Part T of LD 2173 that: 1) amended the appointment process for the Commissioner position and eliminated the headcount, salary and associated costs with the Commissioner position; and 2) eliminated one Assistant Securities Administrator instead of the Securities Administrator position as originally proposed in LD 2178.

Thank you for the opportunity to comment on these budget items.

Cc: Members, Joint Standing Committee on Insurance and Financial Services

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: Vote: AFA Committee: Vote:

GENERAL FUND	2007-08	2008-09
Transfer	\$0	\$0
GENERAL FUND TRANSFER	\$0	\$0

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: Vote: AFA Committee: Vote:

GENERAL FUND	2007-08	2008-09
All Other	\$0	\$0
GENERAL FUND TOTAL	\$0	\$0

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

Office of Securities 0943

Policy Committee: UNK Vote: AFA Committee: UNK Vote:

Initiative: Eliminates the headcount, salary and related costs associated with the Commissioner Department of Professional and Financial Regulation position in the Administrative Services Division and eliminates one Administrator Office of Securities position in the Office of Securities.

OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
POSITIONS - LEGISLATIVE COUNT	0	(1,000)
Personal Services	\$0	(\$119,502)
All Other	\$0	(\$2,361)
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	(\$121,863)

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: UNK Vote: AFA Committee: UNK Vote:

Initiative: Sec. H-4. Transfers funds representing the General Fund share of savings achieved through changes to be adopted by the State Employee Health Commission by June 30, 2009.

GENERAL FUND	2007-08	2008-09
Transfer	\$0	\$185,196
GENERAL FUND TRANSFER	\$0	\$185,196

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: UNK Vote: AFA Committee: UNK Vote:

Initiative: Reduces funding for the State's contribution to premiums for the Law Enforcement/Firefighters Retiree Health insurance to recognize savings from slightly lower than projected enrollments.

GENERAL FUND	2007-08	2008-09
All Other	\$0	(\$29,607)
GENERAL FUND TOTAL	\$0	(\$29,607)

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

Office of Securities 0943

Policy Committee: UNK Vote: AFA Committee: UNK Vote:

Initiative: Eliminates the headcount, salary and related costs associated with the Commissioner Department of Professional and Financial Regulation position in the Administrative Services Division and eliminates one Administrator Office of Securities position in the Office of Securities.

OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
POSITIONS - LEGISLATIVE COUNT	0.000	(1,000)
Personal Services	\$0	(\$119,502)
All Other	\$0	(\$2,361)
OTHER SPECIAL REVENUE FUNDS TOTAL	\$0	(\$121,863)

PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF

Bureau of Consumer Credit Protection 0091

Policy Committee: UNK Vote: AFA Committee: UNK Vote:
 Initiative: RECLASSIFICATIONS

OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
Personal Services	\$14,903	\$5,802
All Other	(\$14,903)	(\$5,802)
	\$0	\$0

OTHER SPECIAL REVENUE FUNDS TOTAL

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: UNK Vote: AFA Committee: UNK Vote:
 Initiative: Sec. H-1. Transfers \$500,000 by June 30, 2008 and \$500,000 by June 30, 2009 from the Accident, Sickness and Health Insurance Internal Service Fund to the unappropriated surplus of the General Fund.

GENERAL FUND	2007-08	2008-09
Transfer	\$500,000	\$500,000
	\$500,000	\$500,000

GENERAL FUND TRANSFER

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: UNK Vote: AFA Committee: UNK Vote:
 Initiative: Sec. H-2. Transfers \$10,438,051 of excess equity reserves from the Accident, Sickness and Health Insurance Internal Service Fund to the unappropriated surplus of the General Fund by June 30, 2008.

GENERAL FUND	2007-08	2008-09
Transfer	\$10,438,051	\$0
	\$10,438,051	\$0

GENERAL FUND TRANSFER

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: UNK Vote: AFA Committee: UNK Vote:
 Initiative: Sec. H-3. Transfers funds representing the General Fund share of excess equity reserve for retiree health insurance by June 30, 2008.

Bureau of Consumer Credit Protection 0091

Policy Committee: UNK Vote: AFA Committee: UNK Vote:
 Initiative: RECLASSIFICATIONS

OTHER SPECIAL REVENUE FUNDS	2007-08	2008-09
Personal Services	\$14,903	\$5,802
All Other	(\$14,903)	(\$5,802)
	\$0	\$0

OTHER SPECIAL REVENUE FUNDS TOTAL

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: UNK Vote: AFA Committee: IN Vote: Original
 Initiative: Sec. H-1. Transfers \$500,000 by June 30, 2008 and \$1,117,799 by June 30, 2009 from the Accident, Sickness and Health Insurance Internal Service Fund to the unappropriated surplus of the General Fund.

GENERAL FUND	2007-08	2008-09
Transfer	\$500,000	\$1,117,799
	\$500,000	\$1,117,799

GENERAL FUND TRANSFER

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: UNK Vote: AFA Committee: UNK Vote:
 Initiative: Sec. H-2. Transfers \$10,438,051 of excess equity reserves from the Accident, Sickness and Health Insurance Internal Service Fund to the unappropriated surplus of the General Fund by June 30, 2008.

GENERAL FUND	2007-08	2008-09
Transfer	\$10,438,051	\$0
	\$10,438,051	\$0

GENERAL FUND TRANSFER

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

Accident - Sickness - Health Insurance 0455

Policy Committee: UNK Vote: AFA Committee: UNK Vote:
 Initiative: Sec. H-3. Transfers funds representing the General Fund share of excess equity reserve for retiree health insurance by June 30, 2008.

GENERAL FUND

Transfer

2007-08	2008-09
\$9,936,891	\$0
<hr/>	<hr/>
\$9,936,891	\$0

GENERAL FUND TRANSFER

GENERAL FUND

Transfer

GENERAL FUND TRANSFER

2007-08	2008-09
\$16,832,248	\$0
<hr/>	<hr/>
\$16,832,248	\$0