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Appendix
House Legislative Sentiments
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Pages 1358-2163

Pass as Amended Report. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 427

YEA - Adams, Babbidge, Barstow, Beaudette, Beaudoin, Berry, Blanchard, Blanchette, Bliss, Boland, Brautigam, Briggs, Bryant, Burns, Cain, Campbell, Canavan, Carey, Carter, Casavant, Clark, Connor, Craven, Crockett, Driscoll, Duchesne, Dunn, Eaton, Eberle, Faircloth, Farrington, Finch, Fischer, Fisher, Gerzofsky, Grose, Hanley S, Harlow, Haskell, Hayes, Hill, Hinck, Hogan, Jackson, Jones, Kaenrath, Koffman, Lundeen, MacDonald, Makas, Marley, Mazurek, Miller, Mills, Miramant, Norton, Pendleton, Peoples, Percy, Perry, Pieh, Pingree, Piotti, Pratt, Priest, Rand, Rines, Samson, Schatz, Silsby, Simpson, Sirois, Smith N, Sutherland, Theriault, Treat, Trinward, Tuttle, Valentino, Wagner, Watson, Webster, Weddell, Wheeler, Mr. Speaker.

NAY - Annis, Austin, Ayotte, Beaulieu, Berube, Browne W, Cebra, Chase, Cleary, Cotta, Cray, Crosthwaite, Curtis, Edgecomb, Finley, Fitts, Fletcher, Flood, Gifford, Giles, Gould, Greeley, Hamper, Jacobsen, Johnson, Joy, Knight, Lansley, Lewin, Marean, McDonough, McFadden, McKane, McLeod, Millett, Nass, Pilon, Pinkham, Plummer, Prescott, Rector, Richardson D, Richardson W, Robinson, Rosen, Sarty, Savage, Saviello, Strang Burgess, Sykes, Tardy, Thibodeau, Thomas, Tibbetts, Vaughan, Walker, Weaver, Woodbury.

ABSENT - Conover, Dill, Duprey, Emery, Moore, Muse, Patrick, Pineau.

Yes, 85; No, 58; Absent, 8; Excused, 0.

85 having voted in the affirmative and 58 voted in the negative, with 8 being absent, and accordingly the Majority **Ought to Pass as Amended** Report was **ACCEPTED**.

The Bill was **READ ONCE**. **Committee Amendment "B" (H-650)** was **READ** by the Clerk.

Representative TREAT of Farmingdale **PRESENTED House Amendment "A" (H-1018)** to **Committee Amendment "B" (H-650)**, which was **READ** by the Clerk.

The SPEAKER: The Chair recognizes the Representative from Hallowell, Representative Treat.

Representative **TREAT**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. This amendment does two things: The first thing it does is it removes a fee of $50,000 that the Committee Amendment was going to charge any insurer that was filing for a rate increase where the Attorney General intervened in that rate proceeding. This is money that the Attorney General does not have now, and under this amendment they would not get it in the future, but it simply preserves the status quo. We thought it was a good thing to do because it does encourage the Attorney General to get involved in these cases, but it is a lot of money and we know that it does make the insurers uncomfortable, so we are trying to make this more amenable to them.

The second provision of the amendment simply requires insurers to post the five most frequently used policies, their most popular policies for small groups and individuals, on their website, and these would be linked to the Bureau of Insurance. This, combined with what was in the Committee Amendment which is educational materials prepared by the Bureau, will be very helpful to the public, particularly if we have the more competitive marketplace that everybody wants with the reinsurance and other proposals that are out there, this will give consumers actual information so that they can compare the policies of one insurer with the policies of another insurer, or compare policies that a single insurer has with each other. It is transparency, it is more information, it makes the market work better, it is a good proposal and I hope you will support it. Thank you.

House Amendment "A" (H-1018) to **Committee Amendment "B" (H-650)** was **ADOPTED**.

Committee Amendment "B" (H-650) as Amended by House Amendment "A" (H-1018) thereto was **ADOPTED**.

Under suspension of the rules, the Bill was given its **SECOND READING WITHOUT REFERENCE** to the Committee on **Bills in the Second Reading**.

Under further suspension of the rules, the Bill was **PASSED TO BE ENGROSSED as Amended by Committee Amendment "B" (H-650) as Amended by House Amendment "A" (H-1018)** thereto and sent for concurrence. **ORDERED SENT FORTHWITH**.

HOUSE DIVIDED REPORT - Majority (7) **Ought Not to Pass** - Minority (5) **Ought to Pass as Amended by Committee Amendment "A" (H-667)** - Committee on **INSURANCE AND FINANCIAL SERVICES** on Bill "An Act To Restore Competition to Maine's Health Insurance Market"

(H.P. 1226) (L.D. 1760)

TABLED - February 5, 2008 (Till Later Today) by Representative BRAUTIGAM of Falmouth.

PENDING - Motion of same Representative to **ACCEPT** the Majority **OUGHT NOT TO PASS** Report.

The SPEAKER: The Chair recognizes the Representative from Falmouth, Representative Brautigam.

Representative **BRAUTIGAM**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. This bill has been a presence in this building for quite some time, probably about 14 months or so, it has been discussed, we had numerous work sessions on it in committee, and it has been discussed in the halls and every conceivable location. There was a lot of information out there; some of it is not reliable as the other aspects of it. But here, as we talk about it in this Chamber, I hope we can answer all of the questions that have arisen and get a square understanding of this bill, and why many of us on the committee recognize the good intentions and the thought that went into the creation of this bill but could not accept it as a solution and, instead, adopted certain aspects of it in a bill that was enacted last night and signed this afternoon, but felt that the best interest of our consumers, the future competition of insurance carriers in the individual market in Maine—consumers who are sick, consumers who are healthy, consumer who are old, consumers who are young, consumers in our urban centers, consumers in our rural areas—balancing all of those interests and needs, we could not go as far as this bill goes in eliminating a system that we have in place and have had in place in the state for over a decade.

What does LD 1760 do? LD 1760 would establish a high-risk reinsurance pool based on a model from the State of Idaho. People applying for insurance, health insurance in the individual market, would undergo a health questionnaire, and if they were determined to have a preexisting condition listed in the bill—there are numerous of them, I can't pronounce most of them but there are many, you can read them yourself—or if there are other circumstances that the carrier decides merit putting these people in a separate pool, that is what happens from the start, the applicant is put into a separate category of insurance. They are not denied insurance, but they are given a separate kind of a policy. The premium for that separate policy has to be between 25 and 50 percent higher than everybody else's policy. The benefits for that separate policy, the co-pays, the deductibles, the cost sharing, all the other complicated aspects of health

insurance policies are left to be determined by a board that oversees the high-risk pool. It is funded by an assessment and the assessment has an initial amount, but if the pool incurs extraordinary costs that it cannot pay, the assessment can be increased without further legislation. I would note that in many states with high-risk pools, that is exactly what has happened, assessment have gone well beyond the initial amount allocated and benefits have been reduced with time.

The second major feature of LD 1760 is to address these so-called community ratings, the modified community rating that we have in this state, the rating bands, which is really just another way of saying how much discretion does the insurance carrier have in charging more for people on the basis of their age of their place in the state or their occupation, or whether they use tobacco or what kind of health they are in, can they charge more or can they charge less? Let me just say something about rating bands and community rating. Strict community rating, where everybody is charged the same price, is not something that we have in Maine. Insurance carriers are allowed to charge more for people they feel will be more expensive. They are allowed to charge less for people who will be less expensive in their estimation. But the amount of discretion they have is an important factor. An unlimited amount of discretion will allow them to price expensive people, meaning sick people, out of the market, and have decided, as a policy in this state, to give some discretion and right now in current law it is a 50 percent increase, but the bill that we enacted and will sign today has a 2.5:1 rating band, more discretion than has previously been allowed under law. There is a bit of confusion about the rating bands in this bill, however, because the bill itself has one set of rating bands and there is an accompanying concept that has another set of rating bands, and I am going to be constrained to talk about the bill that is actually before us, the rating bands which are a ratio of 5:1 from the community rate which is, for all intents and purposes, an elimination of rating bands and more discretion than any insurance carrier would ever even use as we are told by the Bureau of Insurance, allowing them to price insurance up on basis of rating factors, an enormous amount, five times the community rate, and down by a similar amount. Again, these would be for preexisting conditions that are listed in the bill.

I think there is no question that this bill would provide a way to reach out to those people who are likely to be younger and healthier, just like the bill we enacted yesterday and signed into law today. On the high end, I think there is no question. In fact, the advocates of this bill acknowledged that one of the intentions of this bill is to increase premiums on older people and people who are likely to be sick or who are sick. That is one of the intentions of this bill: medical underwriting and asking people to pay more if they happen to be older. It doesn't matter if those people have been paying into the insurance system their entire lives on the basis of some degree of equity, now the rules are going to change. Now that they are older the rules have changed, you know are going to be subject to an extra increase so we can bring some of those so-called young immortals into the marketplace.

There has been a great deal of myth about Idaho. Well, actually, Idaho has way more uninsured people for its population than Maine does, and its rate of leaving the individual market, the individual market shrunk by 2 percent in Idaho in 2005 and it actually grew in Maine in 2005. We were presented in committee with some information from something called E Health Insurance, gave us some typical policies from Idaho. I was looking at this last night, and it is not something I came up with, dated May 8, 2007, a typical premium from Blue Cross of Idaho $220, sounds pretty good. Let's look at the details: In network coverage, a deductible of $2,000; well, that's not too bad. Co-insurance, 20 percent after deductible; well. Office visits: specialists not covered, periodic health exam not covered, periodic OBGYN exam, basic health care not covered; baby care, not covered; mental health, not covered; primary doctor, not covered; prescription drugs, generic, brand name, nonformula, mail order, only if admitted to the hospital; outpatient lab and x-ray, not covered; outpatient surgery, 20 percent co-coinsurance after deductible; it goes on and on. Labor and delivery and hospital stay, $5,000 deductible, separate from your other deductible. Well that is a great deal for health insurance. The only thing worse than paying a lot for health insurance is paying a lot not to be insured, I don't think we want that type of coverage here in Maine.

I also want to say that the title of this bill, To Restore Competition to Maine's Health Insurance Market, if there is going to be competition in Maine's health insurance market, it is going to be one of the carriers that has expressed an interest in being here already, and I can tell you that we are working hard with Harvard Pilgrim, but Harvard Pilgrim has written that Harvard Pilgrim supports the bill that was passed and enacted already and opposes this bill because, this bill, LD 1760, will serve as a barrier to new competition in the marketplace because of the way the high-risk pool is established. The high-risk pool favors those carriers with deep and broad experience in this market who have experience doing medical underwriting, and new competitors coming in greatly prefer a system that does a retrospective reimbursement with reinsurance, and all this stuff that we examined in committee and that is exactly why the bill that we enacted yesterday contains the provisions it has. Aetna, I think these have been distributed to your tables; Aetna has also put in writing that if you do not believe this will enhance the marketplace for insurance in Maine.

I think there is a bit of irony, at least among some of the people who are promoting this bill, because they are some of the same people who talk about, at certain times, the need to bring in free market factors. But really, a high-risk pool that is established by statute and the funding mechanism is in the statute, is a government created entity that absorbs the risky patients out of the insurance market and puts them into a separately government created program. That high-risk pool created by this statute would not exist without this statute. It is a government creature. So trying to appeal to people who want to see the market work well, I would ask you, let's expect a little bit more out of our insurance carriers, let's expect them to insure the sick along with the healthy, let's keep them all in the same pool, I think as a larger issue, with respect to establishing a separate track for our constituents. Even if, at the get go, the separate track is sort of like a separate but equal, even if there are some protections there, with time, the protections that are given to people in the regular market won't necessarily match up with the people in this other sort of artificial pool. When that artificial pool runs out of money, when money is tight, when medical costs go up, they are going to feel the pinch in that artificial pool, that separate pool, their benefit caps are going to be put in place. They won't get the same protections as the people in the regular pool. I personally feel there is a moral imperative, but I also think that there is a policy imperative to create the largest possible pool so that everybody's costs are shared. I think that is the essence to insurance, to keep everybody in one pool, as big as possible; it's stable and it works. A smaller separate pool is not a solution to any of the problems that we have here in the state and in individual policies.

I also need to clarify that you cannot have this bill and the bill that was signed into law this afternoon. They do not work

together, they cannot coexist at the same time, they are two different approaches, there are some similarities, but they simply cannot exist at the same time. They have different rating bands, they different reinsurance. If you pass both, we would really have quite a hash. You would have two separate assessments, two separate risk pools. I just cannot even imagine how that could possibly be sorted through. So let's give the law a chance, last night, the one that we have already supported. Let's let it work. Let's see if that market opens up a little bit. Let's see if those premiums can come down because of the reinsurance, as we expect that they will. I look forward to trying to answer any questions that the body might have, I appreciate your serious consideration of this serious issue, I appreciate your good faith and to work together to get to some common ground on this issue and I appreciate your support on this bill.

The SPEAKER: The Chair recognizes the Representative from Saco, Representative Pilon.

Representative **PILON**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. LD 1760 is a reinsurance risk-pool, and I have heard my good friend, my colleague from Falmouth, mention or use the word high-risk pool, and it is not a high-risk pool. It is a reinsurance risk-pool, it is a hybrid, and it is a proven model that has been used in Idaho since 2000 and it has been used successively. In 2000, in Idaho, the market is where Maine's market is today. In a death spiral you have skyrocketing premiums, deductibles that are on an average of $7,800. In the individual market, I must reiterate the word individual because, earlier today, I received a yellow sheet of piece of paper on my desk here and it was Aetna saying, on their letterhead, "the current New Hampshire law allows for health statements and seating of anticipated bad risk in the small group market." Small group market. So this letter that was sent out at the request of Representative Brautigam should not confuse the members of this body because this applies to the small group market, and not be confused with what we are trying to resolve and create a new market in the individual market. So this, in fact, is a distortion of the bill at hand today. Aetna is addressing the small group market; LD 1760 addresses the individual market, a totally different issue. But the Idaho program was in a death spiral, Maine is in a death spiral in the individual market, and they instituted this reinsurance risk program, they were able to entice companies to come back into their marketplace, their rates came down, more participation, more people came into the marketplace, their deductibles came down, even the people that were considered high-risk and were in that reinsurance pool, their rates came down.

My good friend from Falmouth made the comment that their premiums in that reinsurance model, their premiums skyrocketed. That is not what is going to happen here. There is a cap. In LD 760, they will pay no greater than 40 percent of the community rate, 40 percent up and 40 percent down, which in fact is, if you are a healthy risk and you are taking care of yourself, you are going to be rewarded, you are going to be actually rewarded and you will pay less than the community rate, so if the community rate is $100, you will pay $60. So there is an incentive to take care of yourself. Unlike the system today, everybody is subsidizing the unhealthy market, so we don't have young healthy people participating in our health insurance market because they can't afford to buy the premiums because they are subsidizing the unhealthies. Here is an example: There are roughly 43,000 people buying insurance today in the individual market. Of that, I perceive that there is approximately 2 percent or about 860 people that would actually qualify for the reinsurance risk program, so 42,140 people are actually subsidizing 860 people. We have actually turned our individual market upside down to subsidize 860 people. Is that fair? I don't think so—42,140 people are paying exuberant rates to subsidize 860 people. The only way to smooth out the rates, make it fair for 42,000 people so that everyone can afford insurance is to institute some kind of reinsurance risk pool and, even those 860 people, they will see their rates come down. Carriers will come back into the marketplace, create some competition, and everyone will be able to afford insurance. Bottom line is does this body have the courage to vote this in? Last night they did. Last night they had the courage to vote to approve $58 million for Dirigo to support 13,600 people. Do you have the ability to help 43,000? Plus there are another 130,000 people that don't have insurance at all. Now some of those people could be us. If you are termed out or if you choose not to run again, you and me could be buying insurance in the individual market next year, we could be one of those 130,000 people, and we could be buying insurance in the individual market, paying $5,000, $10,000 or $15,000 a year with a $7,800 deductible, and we will be included in those figures. Do we have the courage to pass 1760? Its way overdue—its way overdue. The individual market needs some relief. I hear everyday, when I have the opportunity to go home, I hear it from my constituents and they say help us with health care reform. Do we have the courage to pass it? I urge members to vote against the Acceptance of the Majority Ought Not to Pass Report so that the House can Accept the Minority Ought to pass as Amended Report, and I request a roll call.

Representative PILON of Saco **REQUESTED** a roll call on the motion to **ACCEPT** the Majority **Ought Not to Pass** Report.

More than one-fifth of the members present expressed a desire for a roll call which was ordered.

The SPEAKER: The Chair recognizes the Representative from Newfield, Representative Campbell.

Representative **CAMPBELL**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. The consumer that has Representative Pilon for a friend doesn't need any enemies, and as far as yesterday, what went on in this Chamber, Representative Pilon, you were not here, and I have all the roll calls here. You were not here for one roll call on the insurance bills, you weren't here for one roll call on Dirigo, so don't stand up here tonight and tell us all about what we voted on yesterday because you didn't vote on one of them; you were absent.

As far as your bill, 1760, the potential of victims of this bill/law of yours is everyone. If you are elderly and have almost any preexisting conditions—diabetes, high blood pressure, a prevailing illness, a disease, cancer, stroke, or a high risk of physically demanding occupations, or you live in certain areas of the states—you would be subject to drastic premium increases. I have been sitting here for six years, listening to all of this talk about helping the consumer, and I don't see Anthem Blue Cross Blue Shield blowing town; WellPoint has got them right here where they want them with no competition. And when we had the courage, on both sides of the aisle, to support Dirigo five years ago, Anthem turned around and took the job and then turned around and paid their Chief Executive Officer a bonus of $42.5 million. And to top it off, now, I get an orange sheet across my desk from the Maine Chamber of Commerce. When have they ever been for the consumer? They are for big business; they are for WellPoint, Anthem and the rest of them. So don't stand over there and tell us what you did yesterday or how good this bill is, when you weren't even in this Chamber. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from North Haven, Representative Pingree.

Representative **PINGREE**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. I want to start out by

thanking folks, on both sides of the aisle, for sticking with us last night. Whether or not you voted for 2247, it was enacted. I have to say that the good Representative from Saco, who has put this bill forward today, I think, could probably take some credit. He spent the last three years, at least, if not more than that, being dogged about our need to take on market reform, to talk about these issues, about reinsurance pools, when many of those of us on my side of the aisle would have said absolutely not, we are not considering market reform, we are going to do other things.

I have to say, last night, I am very proud of the market reforms we did pass. We passed a reinsurance pool that puts a very similar dollar amount, if not the exact same dollar amount into reinsurance, somewhere between $11 million and $13 million. That reinsurance goes to subsidize the same high cost claims of the Pilon bill, it just does it in a different way; it does not create a reinsurance pool, it does not create a high-risk pool. We passed changes in the community rating so that you can rate people higher and lower based on age, while we put in protections to protect the oldest people so that they would not see significant increases. We created a young person pilot program, which was further amended by the other body that will allow pilot programs for people under 30 years old that will change some of the mandates, that will allow much lower cost insurance for people in that age group. Forty-four percent of the uninsured in Maine are under 30 years old. Some of these are kids; a lot of them, I think, are in the 20 to 30 year range, people like my little sister who does not have health insurance right now because she can't afford it. She has asked for the rates for the high deductible policies from Anthem, she sees $300 a month and says it's not really worth it for me; I can't afford it right now on my salary. I think, while I am not making any promises that this young person pilot and these changes are going to cause young people to rush into the market, I think it will cause us to have some more affordable plans that will cause some younger people to join this market. I think we all know Maine is an older state, it is a rural state, it is part of the major reason why our health care costs are more expensive, and we don't have enough young people buying into the market to help spread the risk. This is exactly the same issue that the good Representative from Saco is trying to deal with in his bill, but there are some significant differences.

The bill that we are discussing right now allows changes in the community rating based on health status. That is a major departure from where we are in the State of Maine today. Right now, you cannot rate based on health status. In other states where you are allowed to rate based on health status, women under 40, we are likely to get pregnant. And despite rumors that even the good Representative from Saco has asked me about, I am not pregnant, but I could become pregnant and, therefore, my health status shows that I could be charged more for insurance because I might become pregnant. Pregnancy is very expensive for insurance companies to pay for, whether or not you have a regular birth process or an irregular one that costs a lot more money. My dad is recovering from prostate cancer, he is 53 years old. If we were allowed to rate based on health status, he would be charged significantly more for his health insurance because he had prostate cancer. He is in recovery, he is doing well, he has a high deductible policy from Anthem, he has paid a lot of his own costs, but most of the costs that he has had through his treatment have been paid for by the insurance company. The point of his insurance is to share the risk, whether you are healthy or sick, we all pay in. And when you are sick, you hope it is still there for you. But again, this would allow us to rate based on health status. Anybody who has diabetes, who has had a major heart disease problem, has had cancer; it would allow you to charge a higher rate no matter what your age is.

The difference between the bill we passed last night and the bill we are talking about today is the way the reinsurance pool works. The reinsurance pool, in the bill we passed last night, takes risk across the board; it doesn't create a pool of sick people who are separated. It basically says to the insurance company, if you spend a lot of money on very sick people, we will reimburse about 50 percent of that cost, between $75,000 to $250,000. So we are going to send probably about $11 million to the insurance companies, no matter who is in the marketplace, to try to stabilize the individual market, and we hope this will help to lower costs. What this bill that we are debating right now would create is a separate pool. When you apply for insurance, your insurance company will send you a questionnaire: Do you have diabetes? Have you ever been sick? Do you have cancer? Are you overweight? Do you smoke? Do you drink? It will figure out what your likely health status is. If you are somebody who has had a serious illness and you have seen the sheet probably go across your desk, you will be put into a separate high-risk pool. At this point, the bill does not tell you what is going to happen to the people in this pool. It is not clear if the same benefits will be covered for those people, so the people on that list, whether they have had open heart surgery, they have AIDS, they have a serious medical condition, it is not clear what parts of their treatment will be covered in the future. That will be left up to the board, a new entity that will be created, a reinsurance board entity, I can't remember the exact term for it, but that board will be allowed to determine what benefits you would receive. These, again, are the very, very sickest people in the State of Maine, we are going to put them in a separate pool and say you are going to be paying more, probably a lot more, and I am not quite sure exactly yet what benefits you will receive. That is huge, huge risk for the very sickest people in the State of Maine.

So I think you have heard fully why I am not in support of this bill. I do, again, want to say I think we have taken a step forward in trying to stabilize the individual market with some commonsense measures that protect consumers, especially older consumers or sicker consumers. I think this bill goes too far. Again, I want to thank the good Representative from Saco. I think he has moved this debate forward, but I think this is too far forward. This is putting many, many Mainers at serious risk, and Mr. Speaker, I don't believe that is a risk that we can take so, when the vote is taken, I encourage you to vote green. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Falmouth, Representative Savage.

Representative **SAVAGE**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. We have heard some very good arguments here this afternoon and a lot of fact.

The first thing that kind of struck me was when Representative Brautigam said we have had this system in place for over a decade, and that is correct and our rates have gone higher now for over a decade, so that did kind of strike me for starters. Health insurance costs are at a crisis level in the state, as we all know. LD 1760 is a bipartisan bill, I believe, that should not only aim us in the right direction of needed free market reforms, but it should also be able to work and coordinate with the needs of DirigoChoice. I don't quite agree with John on that; I think there is a way that they could coordinate together, at least work together. Without the market reforms, Dirigo will remain a restricted and heavily subsidized product, as it has in the past.

This bill modifies community rating to a broader band, allowing more flexibility in underwriting which, in turn, will help attract companies and competition back to Maine and that is what we sorely need. DirigoChoice has now moved one step

closer to being market based, which is good, and eliminated the controversial savings offset payment, which, in my opinion, is also good, in favor of a set rate. That part, as far as DirigoChoice is concerned, is an improvement. This bill being presented may not be the end all, fix all bill, but it should move us in the right direction to get us on the right road to lowering health insurance in Maine. We certainly haven't been on it so far.

I also do not want to see 14,000 people get thrown out of Dirigo without insurance, that would be wrong, but the funding has been the problem from the beginning. If this bill succeeds in lowering rates for all Mainers, it will also succeed in lowering the rates for Dirigo; its subsidies are based on current rates. If the rates come down, subsidies will come down. I also heard talk about people going into a—it's not actually a pool, it is a reinsurance type pool—people going in there with their rates going higher. In most cases, their rates have gone down, if you look around the country, because the whole insurance rate structure has come down and brought the pool rates down with it.

It may come to pass in the future that the citizens of the United States will demand a national health insurance program, and if done right, I do not oppose that. The Federal Government's failure has put us in the quandary that we are in now, trying to fix health insurance state by state with different ideas, all of us trying to do our best. The true free market solution, in my opinion, will have to be national in scope, not state by state. But for now, moving both DirigoChoice and LD 1760 towards a market based solution, is really the best choice we have unless we would like to remain with the same high rates we have had in the past 10 years. We need to put partisan politics aside, which clearly we can see happening, and do what is best for the people of Maine. I thank you for listening.

The SPEAKER: The Chair recognizes the Representative from Mount Vernon, Representative Jones.

Representative **JONES**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I would just like to point out how much I yearn for the day, when I serve in the Maine State Legislature, that we can spend two days talking about how to stay healthy as we have for two days on how to pay for when we are sick. Thank you.

The SPEAKER: The Chair recognizes the Representative from Newcastle, Representative McKane.

Representative **McKANE**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. First, just a quick word about the bill we passed last night: That was a new funding mechanism for Dirigo. That was, in my opinion, the basic intent of that bill. There is a minimal amount of reform, but it is unlikely to be enough to show any real difference that will bring competition back to our market that left when the mandates and community rating and guarantee issues where implemented in the 1990's.

I want to thank the Representative from Saco, Representative Pilon, for bringing this bill forward, which represents a true compromise and a viable alternative. I believe it is our last chance in this Legislature for any real health insurance market reform. My first choice was not this bill; I wanted to see more, which some referred to yesterday as drastic and radical. This is a lot softer, but it has proven to work in other states. In other states that do have these mechanisms, the enrollees in them—and these are the top one percent, the most expensive health care consumers in the health insurance pool—pay less than healthy people do in Maine for health insurance. So we keep talking about these people who are segregated into this awful pool, they are paying less than their young kid who is healthy in Maine. It doesn't make sense, does it? But the system works, that is why.

As far as rating bands are concerned, it is a simple concept: If you charge the same amount for health insurance to young and healthy people that you do to older, sicker people, the young and healthy people drop out because they can't afford it. It is real simple. That just concentrates the pool, it is called adverse selection, we get more older, sicker people into the pool and the health insurance companies pay out more claims and then they have to file for higher rates, and they get them. They have been getting them every year, here, because that is what we have, that system. Most states don't have any community rating bands. We are just talking about widening the ones we already have. This bill doesn't eliminate them, but it would give those who are at less risk the benefit of their age and their youth and their healthy lifestyles.

The intent of this bill is to prevent our health insurance market from collapsing. I am sure that this represents a compromise. It is exactly what we need right now, and it is our last chance. It has been shown to work elsewhere; it can work in Maine's health insurance market; it is modest reform. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Biddeford, Representative Beaudette.

Representative **BEAUDETTE**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. On Monday morning, we had Reverend Cleaves, and she led us in prayer that morning, and part of her statement included these thoughts: that we are charged in this body to do the greatest good for the greatest number; that is our responsibility.

When we look at trying to address the cost of health insurance in Maine, our goal is, obviously, to try and make premiums more affordable. That is where the greatest hue and cry comes from, that our health insurance it too expensive. It is too expensive for individuals; it is too expensive for businesses. And, in fact, as the BRED Committee was traveling around the state the past six months previous to the start of the session, we found that the biggest single inhibitor to business expansion and business relocation in Maine was the cost of health insurance. So that is the goal, that is the objective that we should keep our eyes on, to try to come up with a way of reforming the individual market and we are talking the individual market here, not the small group market, the individual market. That is why we are going to take our first stand to try and lower the cost of health premiums in Maine.

The bill that was previously passed, last night, does anticipate or theorize that folks in the 20 to 30 age range will realize a 37 percent decrease in premium, folks in the 30 to 40 age range would realize an 11 percent decrease in premium; however, when you are talking about the decile of 40 to 50, there was no anticipated decrease in premium, which means that in that decile they will be paying the same rate they are paying now, which is considered too high and not affordable. So the goal, then, is to try to be able to affect the cost of premiums across all age levels, and if you are looking at a model that includes a reinsurance pool, then you have to assume that, yes, more healthy people will pay a lower premium than less healthy people. It is only logical that that makes sense. But just as a high tide raises all boats, low tide should lower all boats; it should be able to decrease the cost of premiums across the board. Thereby, those folks, who would be paying more because they are not as healthy or they have health conditions that don't allow them to get the lowest rate, should still be competitive at least with what they are paying now, which is already at a point where people are uncomfortable. So how much more will they pay if we go the route of trying to broaden the community bands? And, remember, this is theory; it is theory that what was passed last night will realize the reductions that they have stated. At a meeting that we had

earlier today, the actuary for the Bureau of Insurance did recognize that the theory behind this is that if you lower the bands across the board, that, in theory, yes it would bring premiums down. So there is an element of taking a leap of faith here to look at what is the best methodology to try and find the lowest premium for the broadest population of the citizens of Maine, and I am willing to take this course because I think it has the best potential to lower premiums for the most people in the State of Maine.

It has been mentioned that there is a monopoly in Maine, as far as individual market is concerned, and I guess 93 percent probably qualifies as pretty darn close to a monopoly. But if you are going to try to resist the monopoly way, then you have to have other competitors in the market. And right now, unless there is less adverse risk opportunities for another insurance company to come into the State of Maine, such as State Farm that already offers individual insurance products, I don't think we are going to see that competition, and the monopoly is maintained.

Also, there was some discussion about what was happening in Idaho, and it is true in Idaho there are some issues, but it is in the group insurance market. The individual insurance market has been successful. Also, take into consideration what you are looking at. Are you looking at lower premiums? Are you looking at lower number of uninsured? They are connected, but they are different. For example, in Maine, we've loathed the number of uninsured people because we have taken advantage of using MaineCare, essentially, as a third party insurer, and taken advantage of the federal money that comes with MaineCare to get more people onto MaineCare, and get them off of uninsured rolls. Now, Idaho may have more uninsured, but it may be and I am theorizing, I don't know if this is the case, I am just making an assumption here, that maybe Idaho hasn't been as aggressive in moving folks that are uninsured onto federally aided Medicaid programs. I think the bottom line that you want to consider is what has the best potential to try and make health insurance in Maine more affordable. I believe that LD 1760 has that potential and is a route that we should take advantage of, and I would advocate that you vote against the Ought Not to Pass motion that is before you. Thank you.

The SPEAKER: The Chair recognizes the Representative from Yarmouth, Representative Woodbury.

Representative **WOODBURY**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. I rise somewhat reluctantly to oppose the motion and support the bill, and I say reluctantly because this is very much, to me, a second choice solution to what we all know is a very serious national problem with our health insurance system. My first choice answer is a mandatory, universal national system, in which people aren't left out of our health insurance network. What we have today, however, really is a patchwork of health insurance systems. And I want to say a little bit about how this bill, which I am supporting today, fits in to that broader landscape of health insurance.

I want to begin by just looking at what some of the big pieces are: We have a Medicare plan that provides primary coverage for those who are 65 and older. We have a Medicaid, in Maine a MaineCare program, that is a means based program for those most in need. We have large employer coverage, which is created by companies for larger employers for their own employees. And then we have a small group market which is for smaller employers, it is a regulated small group market. All of those things are totally unaffected, all of those pieces of the landscape are totally unaffected by the bill that we are looking at here. This bill only deals with individual purchases of individual policies, not people covered by employer plans, MaineCare or Medicare, so it is that segment.

Now that segment has a unique aspect to it: It is by far the most voluntary area of insurance. People have a choice, at some level, whether they are going to buy insurance or not, and that choice is a choice between assessing the cost of what a health insurance policy is going to cost, relative to the likely need for claims for support for a need for services. And people make that assessment and make a choice of whether to buy the insurance. Now, when the Representative from Saco, Representative Pilon, and others who have spoken about this, talk about a death spiral in the individual health insurance market, it is a death spiral that is resulting from the fact that the pool of people who are getting covered is getting less and less healthy over time, and that happens naturally based on the fact that it is a voluntary choice on whether to buy the insurance. So if I think I am relatively healthy and I look at the cost of a policy that is fairly high, I decide to opt out, I decide to go without insurance, and those who are more likely to have health care needs are the ones who buy the insurance and stay in the pool. As a result, the pool is made up of people who require more health care and higher claims, and in turn, the premium that needs to be charged to cover that pool of people gets higher. As the premium gets higher, again, people reassess; people who are in the pool reassess and say, my gosh, this is getting even more expensive for me now, maybe I should decide not to go without insurance. So you lose more of the healthiest people out of the pool, and it gets gradually sicker and sicker and less healthy and less healthy and more expensive and more expensive, and that is the notion of the death spiral in our health insurance markets. Now the way the health insurance market, I think, has tried to control this to a point has been by making deductibles much, much higher so that there is less of the selection going on at these very high deductible levels. But you do see people, now, more likely to choose $15,000 deductibles than some other level, and it just, in my mind, is not a healthy market.

This is a bill that in varying forms has come before the Legislature in each one of the sessions I have been here. In fact, one of my first floor speeches in this Chamber was on this bill, and I believe my speech sounded quite a bit like the speech that we heard just a little while ago from the Representative from North Haven, Representative Pingree. I was on the other side of this, and philosophically, I am still very much divided on this and I do believe, as I said at the beginning, a mandatory universal nationwide system has got to the first choice right answer. Short of that, however, and I the reason why I have changed my mind over the course of the time I have been here, is I think our individual health insurance market really has gotten to a point where it is not a helpful market. So I think we need a change to make that market work, even though I don't like some of the ways that this bill is doing it, I just don't see another way to save a market that just doesn't seem to be working very well. That is why I am voting no on the Ought Not to Pass motion, and I am supporting the bill. Thank you very much.

The SPEAKER: The Chair recognizes the Representative from Calais, Representative Perry.

Representative **PERRY**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I have been in agreement with Representative Pilon that we do have to do something about the individual insurance market but, at this point, I am in disagreement with this bill. I think that we have done something significant. In the bill that was passed and signed into law that included Dirigo, one of the things that when we brought Dirigo forth was to help the small group and individual market. And, at that time, we had one major insurer, only one, because Harvard Pilgrim had left, there were others who had left

the individual market. We have had an insurer come back. We have had some increases activity in the individual market.

My concern about this, with the health rating and the bands that occur to this, is that this will affect the rural areas most. This is where our older people are; this is where our poorer people are, and this also where our not so healthy people are. If you look at the demographics of this, we are very definitely going to affect those areas. We already have a higher community rating in the rural areas. We are going to add that even more, and when I saw angina pectoris as being a high risk, I was really kind of surprised because, quite honestly, that is very treatable and preventable. I mean, I have a father who, in his early 60's, had angina pectoris, got treated, took his cholesterol, he is going to be 96 in June and he has never had a heart attack, but he will be high-risk. He has never been hospitalized for that, but he is high-risk. He would be paying a lot more until he was able to retire.

I am going to ask that we pass the Majority Ought Not to Pass Report, and that we give the opportunity for the Dirigo program and the cost savings that go with the rest of the legislation that was passed to work, because we did find one of the major cost increases in the market is the cost of health care. Please vote with the motion ahead of us. Thank you.

The SPEAKER: The Chair recognizes the Representative from Brunswick, Representative Priest.

Representative **PRIEST**: Thank you Mr. Speaker. Mr. Speaker, Colleagues of the House. I frankly was skeptical of market reform, and I still remain skeptical of market reform. The Dirigo bill is an experiment, as far as I am concerned, and it is an experiment I am willing to look at to see if it works. I have my doubts as to whether a free market is going to exist in Maine with its small population and its high health care costs, but I am willing to try it.

Representative Pilon's bill, in my estimation, simply goes too far. I am very concerned about health status because health status can affect your rates at the time you get on the policy or at the time your policy is renewed, and if you are in that pool rated for health status, your premiums can go way up. This bill will subsidize insurance companies for their risks and that is an experiment and I am willing to do it. There is no subsidy for the person whose health care costs are going to go up because they have been said to have angina or they get cancer. Insurance is supposed to cover risks, otherwise why in the world have insurance.

There is also the question about cost, health care costs. This is going to lower premiums, we are told, and Idaho is looked at as an area which would lower premiums. In 2006, Maine, as I said before, spent about $8.3 billion in health care costs. New Hampshire spent $1.5 billion less than what we spent. Idaho spent about $6.2 billion, over $ 2 billion less than us. Insurance rates have got to cover health care costs; you can't get away from that, so our rates are going to be higher than these other places. Should we control health care costs? Of course. This bill will help control, any bill will try to help control administrative costs, whether that is done through market reform or single payor or some other fashion is to be determined, but all those reforms will only cover about 25 percent, and you will still have 75 percent of the cost that will stare you in the face and require serious and hard decisions which, frankly, we have yet been unwilling to make. So if you really want to lower health care costs and health care premiums, that is where you have to start. I am very concerned that this frankly goes simply too far. The Dirigo bill is an experiment.

Finally, if we are going to look for competition in that area, if we are really going to look for competition, you have to ask yourself why three out of the four potential insurance carriers here oppose this bill. They don't think it is going to increase competition, and that is serious concern if you believe in the free market system, because three out of the four potential health insurers oppose this bill. You have to ask yourself why that is the case and why they are opposed to it—Harvard Pilgrim, Aetna and Sigma—so you have to ask yourself why that is.

Finally, let's take a look at Idaho. In the individual market is there intense competition in Idaho? Eighty percent of the health care market, in the individual market, in Idaho is handled by two carriers, both of whom are nonprofit. That may be one definition of competition, but it doesn't seem to be a vigorous competition. So I am just not convinced that this bill is going to bring us competition. I urge you to vote to accept the Majority Ought Not to Pass Report. Thank you.

The SPEAKER: The Chair recognizes the Representative from Waterville, Representative Trinward.

Representative **TRINWARD**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. I will be supporting the pending motion because I find LD 1760 to be scary.

Eight years ago, this past January, I was diagnosed with breast cancer. It was a trying and difficult time for me, and it was very important for me to know that I had access to quality, affordable health care, and it made all the difference to me and my family during my recovery. If this bill passes and I leave this body for some reason, I will go into the individual market and I will go immediately into a high-risk pool and that is scary, but that is not the only thing. I happen to be the mother of three daughters in their 20's, and if any of my girls would be fortunate enough to come back to Maine, their family history would put these healthy, athletic young women also into a high-risk pool, and that is scary. But Men and Women of the House, the real scary thing in this is this: Breast cancer will affect one in eight women in this country—one in eight. That is your neighbors, your sisters, the women sitting beside you, and the women back at home. So join me today and vote for this motion, and when you do, vote for your wives, for your mothers, for your sisters, your daughters and your granddaughters. Thank you very much.

The SPEAKER: The Chair recognizes the Representative from Berwick, Representative Burns.

Representative **BURNS**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. Before I speak against this bill, in support of this motion Ought Not to Pass, I would like to say, in all fairness, to the good Representative Pilon that, had he been here yesterday, I am sure he would have known exactly how to vote on all of the bills that came before us, and if there was anything that kept him away from this Chamber, I can assure you that it was rooted in principle and values and possibly constituent services. But whatever kept Representative Pilon out of this Chamber yesterday, it had to be honorable, I an assure you of that.

Representative Pilon knows that I am opposed to this type of market reform. I certainly understand from a consumer perspective, the health care crisis in Maine and in the nation. I will grant you that I don't know it from the very high level of actuarial service or from the executive office of any insurance industry; I certainly do not know the crisis from that perspective.

A lot have mentioned, here today, about the need for something to happen on the national level, and while this is somewhat tangential, as it has been mentioned a number of times, I would like to urge you all to call your State Representatives and urge them to engage in a Joint Resolution memorializing Congress to support the John Conyers-Dennis Kucinich bill, HR-676. That will get us there; that will get us where we want to be on a national level. But barring that, the kind of reform that I support is the kind of reform that will tend the

needs of the people of the State of Maine.

My understanding of this bill and this type of market reform is that it certainly will make insurance affordable for me, but as was pointed out by the Chair of the Insurance and Financial Services Committee about an hour and a half ago, it would leave me with less of a promise of access to health care; it will certainly give me the illusion of access to health care, such as we have today with catastrophic health care plans. I think the marketplace is an important place, and if I conduct business in the marketplace with my money and I take risk, I am certainly entitled to make a profit. But this is an industry that already makes, as we recently learned, Anthem, just in Maine alone, $75 million in profit—$75 million in profit and this includes the burden that they bear for providing care to that population between the ages of 60 and 65.

Mr. Speaker, I have a question that I would like to pose through the Chair to Representative Pilon regarding his numbers. He indicated that there were roughly 860 consumers of health care in the individual market, a market which, I believe if I wrote the number down correctly, is comprised of 42,160 members of which 860 consume a significant portion or are responsible for a significant portion of the claims. Now, I would like to know if, at one point, those 860 members were once a member of the group that doesn't use claims. In other words, I would be a member that doesn't use claims right now. I don't file any claims; I pay a lot of money through my tax dollars for the health insurance that the State of Maine provides me for my service here in the Legislature. But, quite honestly, I don't use it unless I absolutely have to, and yesterday I did, as many of you know. But I don't use it; we strive not to get ill and not have to use it. But when I do reach that age, 60 to 65, and I may need to use it, I am concerned that those are the very population that have been paying for many years, they have been paying for many years into a system and not filing claims. And now the insurance industry, when those folks need it the most, wants to move them into a high-risk pool which will be paid for, ultimately, by small group and large group and taxpayers and everybody else, the risk will be mitigated for the insurance industry, the services that they may be eligible for may be reduced or cost more money, and yet the insurance industry will continue to make greater profits.

Again, that is my question. My concern is reform so that health care is more accessible to the population. My concern for market reforms to make the industry more profitable is virtually zero. So if you could answer that question, Representative Pilon, I would appreciate it.

The SPEAKER: The Representative from Berwick, Representative Burns has posed an extended and somewhat editorialized question through the Chair to the Representative from Saco, Representative Pilon. The Chair recognizes that Representative.

Representative **PILON**: Thank you Mr. Speaker. Mr. Speaker, Colleagues of the House. I will try to decipher Representative Burns' question. I think, first of all, this is, again, Representative Burns, the individual market is just the individual market. It is not pulled into the small group, the individual group and the large group market. So once you file your application and you are admitted into the individual market and you have been paying your premiums for many, many years and all of the sudden you start submitting claims and the company starts paying out claims, they are not going to all of the sudden decide you are a high-risk. You have been admitted, and they are going to pay your claims and not decide, well, this insured is an adverse risk so now we are going to categorize him as a high-risk, and we are going to put him in that high-risk category. That is not how this works. I hope I have answered your question correctly or adequately.

The SPEAKER: The Chair recognizes the Representative from Kennebunk, Representative Connor.

Representative **CONNOR**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. I rise in opposition to the Acceptance of the Majority Ought Not to Pass Report and do so certainly in good faith and with a lot of respect for the work of the members of this body. But when I look at where we are today, what we did last night, and I am not sure if that bill has been signed yet, I don't know if anyone has mentioned that, but what we did last night, I hear folks say the current bill, 1760, goes too far, and I would like to propose that the prior bill did not go far enough.

The good Representative from Falmouth, Representative Brautigam, talked about for over a decade we have had protections. If we are over a decade or probably a little less than decade, we have struggled with the cost of insurance in the State of Maine. What that has led to is 130,000 people that aren't insured in the State of Maine. So when we talk about moral impeditives and policy imperatives, I think we need to look at the 130,000 people that are not covered in the State of Maine.

We heard earlier, under a policy within one of the high-risk pools, I suppose, of all the items not covered—not covered. I want to repeat: 130,000 people in the State of Maine are not covered. This bill, in my own estimation, I may not be an expert but I do pretend to be one, is that I think it increases the odds that some of those 130,000 people not covered will become covered.

There was a question posed earlier about why three out of four of the potential companies that will provide insurance in Maine, why they oppose this. One of my answers, as I read this piece of paper from Aetna that opposes 1760 is not even talking about the market insurance that we are talking about. This is small group. Maybe that's why they oppose it; maybe they didn't understand the bill, because this bill is about the individual market. This is individuals that cannot afford care in Maine.

I also heard some talk about how this is going to bring young immortals into the marketplace, I believe was the quote. Just yesterday, we passed a bill that was signed earlier by the Executive, and that actually had the same goal of bringing young immortals into the marketplace, so I would, with your permission good Chair, pose a question.

The SPEAKER: The Representative may pose his question.

Representative **CONNOR**: Thank you, Mr. Speaker. If the prior bill is going to bring young immortals into the marketplace, why can't this bill bring young immortals into the marketplace?

The SPEAKER: The Representative from Kennebunk, Representative Connor has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from Saco, Representative Pilon.

Representative **PILON**: Thank you Mr. Speaker. Mr. Speaker, Colleagues of the House. Actually, this bill is broader than Representative Pingree's bill in that Representative Pingree's bill has a pilot program that attracts young people up to age 30. Last year, the Insurance Committee passed the bill that allows dependents to stay on their parent's policy up to the age of 25, so if you are still dependent on your parents, if you are still at college or living at home, you can remain on your parent's policy up to the age of 25. So 25 to 30 is really their only target market, and I think, with my 20 years of experience in the insurance industry, that really is a limited market in Maine. For the most part, those 25 to 30 year olds are still kind of in a transient stage of their lives, and they are either in school, have taken a job, have moved out of Maine because we don't have any jobs. In the 2247 bill, their anticipation is that they are going to write a lot of business or attract a lot of applicants and write a lot of policies

between the ages of 25 and 30, which frankly, I don't think there is going to be enough of those policies to be underwritten in that marketplace, to offset the burden of the higher risk or older population to bring the premiums down. That is their hypothesis, if you will, but that assumption, I don't believe, is valid. And I hope that answers Representative Connor's question.

The SPEAKER: The Chair recognizes the Representative from North Haven, Representative Pingree.

Representative **PINGREE**: Thank you Mr. Speaker. Mr. Speaker, Men and Women of the House. I just want to make a couple of quick cleanup points and disagree with my good friend, a few seats to the left.

First of all, he was discussing how the reinsurance program and the market reforms that were passed last night would impact the overall market. We have been in two or three debates about this subject, especially hot and heavy over the last two or three weeks, but I just want to make it clear that the young person pilot program in one small part of the market reforms we passed last night. It allowed people under 30 to be in a young person pilot program; insurance companies could decide to offer separate products those people. That is one small part of it. I would actually add to that the dependents up to 25 bill, passed by the good Representative from Gorham, an excellent bill, it is true that some people between 20 and 25 will take advantage of that, but a lot of people's parents just can't afford to keep them on their policy. So while I am sure that will help some young people in the State of Maine, it won't help all the people between the ages of 20 and 30.

The bigger issue here is that both the bill we are discussing right now and the bill we passed last night create reinsurance pools that predict to spend about $11 to $13 million each to take some of the risk out of the individual market. The exact same dollar amount is being subsidized under both bills, so the results have to be somewhat the same. In addition, both bills change the community rate, actually a very similar amount, except the bill we passed last night allows rating changes based on age, but age alone. The bill that we are talking about right now allows age and health status to be considered.

The last point I want to make, I just want to disagree with my very good friend from Kennebunk, talking about the number of uninsured. I think the number of uninsured in this state and in this country is something every person in this body, hopefully in legislative bodies across the country, should be concerned about. One thing that we should be proud of is Maine has one of the lowest rates of uninsured in the country. I won't give Dirigo full credit for that; we have a significant Medicaid program, we do have a lot of employers who provide insurance, but through a variety of things, Dirigo, Medicaid, and employer based coverage and people in the individual market, we have one of the lowest rates of uninsured in the country. We are one of the only states in the country where the rate of uninsured has gone down. So of course, I am concerned with the 130,000 people in Maine who don't have insurance, but to say that market reforms that look like what other states are doing is going to cause our number of uninsured to go down, I don't think is entirely accurate. Either way, the goal for all the bills we have been talking about with market reform is certainly to bring younger people into the marketplace because they can't afford insurance now. The question is how to you penalize those people who are older, who are sicker, who have a family heath status or a personal health status that is going to cost them a higher rate? I think that this bill goes too far. I think it will penalize those people, many of the sick and old in the state, and Mr. Speaker, again, I encourage the House to accept the Majority Ought Not to Pass Report.

The SPEAKER: The Chair recognizes the Representative from Newfield, Representative Campbell.

Representative **CAMPBELL**: Thank you Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I would like to respond to Representative Woodbury talking about individual insurance, because at age 56 and my wife is 53, we started to build a new home and retire at that young age. I turned around and bought an insurance policy with Blue Cross Blue Shield for her and one for myself, and thought I had covered all bases. I turned around and she winds up with back problems, she goes into the hospital and gets operated on, comes out. Blue Cross Blue Shield tells the hospital and the doctors an okay on one overnight that she wasn't covered at the time. So around and around I go with Blue Cross Blue Shield, not for profit, individual policies.

I contacted a Senator friend of mine up here; he said I will talk to the lobbyist. That went on and on and they finally told me I think you'd better see a lawyer. Well, at our volunteer fire department, we have a lawyer that is a fireman. He told me to bring all of my stuff down to his office, and I did, and he contacted Blue Cross Blue Shield; their lawyers blew him off. So he turned around and asked me for a check for $82 to file a lawsuit in Springvale District Court, which he did. A very short time later, Blue Cross Blue Shield paid the bills and told me what deductibles I pay and to drop the lawsuit. But guess what? My friend the fireman, the attorney, told him we'll drop the lawsuit when you pay me $1,000 for representing Mr. Campbell. They said no way, so the lawsuit stands. But the good part was they paid the $1,000 and the bills were paid. I thought I did everything the right way, but the big insurance company, once again. The Senator up here told me they are doing that to all these people with individual policies. How about the poor guy that has a policy and he is scared to go and see a lawyer because he is afraid it will cost him another $17,000, which the insurance company is trying to duck out of. So don't tell me, you are preaching to the choir when you talk to me about insurance companies and individual policies. Thank you, Mr. Speaker.

Representative CANAVAN of Waterville assumed the Chair.
The House was called to order by the Speaker Pro Tem.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Saco, Representative Pilon.

Representative **PILON**: Thank you Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. I just want to correct a couple of comments that have been made by some of my fellow colleagues. The Representative from Brunswick made a comment that with the Representative from North Haven, when the new program that they passed yesterday or today with market reform is implemented that Aetna and Sigma will be coming into the individual market. Aetna and Sigma do not have an individual market in the State of Maine, so unless they are going to introduce a new product in the State of Maine, Aetna and Sigma currently are not providers of the individual market, so I think that that is something that we need to clear up.

Also, we keep hearing the phrase unhealthy Maine, Maine is an unhealthy state. I believe that one of the contributing factors to this term unhealthy Maine is, in the individual market, people have $7,000, $10,000, $15,000 deductibles that before they can even go to the doctor and have a checkup or a colonoscopy, what I call preventive care services, they have to go and pay for those services out of their pocket. So I believe that these large deductibles are contributing to this unhealthy Maine, because

people are not going to the doctor for checkups, colonoscopies, or any of what I call the preventive treatments, because they have to pay for these our of their pocket. With LD 1760, deductibles will come down, premiums will be affordable; people will have the ability to go to the doctor, have a checkup, get back on line and have these preventive services, have the ability to have preventive services, have colonoscopies, and we will get away from the phraseology of Maine is unhealthy, no more unhealthy Maine.

Then my good friend from Waterville has made the assumption that her daughters, if they move back to Maine, will be excluded from having the ability to buy insurance. Well, I don't believe that tonight we can make that assumption here in this body. I think that we all have to wait and see how this plays out, and quite frankly, we are politicians; we are not underwriters, we are not insurance people. So I would say to my good colleague from Waterville that that is an invalid assumption, we can't make that assumption here.

Finally, my good colleague, good friend North Haven, in her proposal, the band ratings that are in her proposal are not, quite frankly, wide enough to attract new companies to come back into the marketplace; that I why LD 1760 needs to be passed. My bands are, quite frankly, wider, more attractive for companies to come back into the marketplace. Her proposal are not wide enough, companies are not going to be attracted to come back into the marketplace. Thank you, Madam Speaker.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Skowhegan, Representative Finley.

Representative **FINLEY**: Madam Speaker, may I pose a question through the Chair?

The SPEAKER PRO TEM: The Representative may pose her question.

Representative **FINLEY**: Thank you Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. I have heard that it is not going to affect those with Medicare and those that are elderly; I have heard that it is. Indeed, my question is, is it going to affect the supplemental insurance that people purchase, who have Medicare, and if they are high-risk, is their premium going to be increased? Thank you.

The SPEAKER PRO TEM: The Representative from Skowhegan, Representative Finley has posed a question through the Chair to anyone who may care to respond. The Chair recognizes the Representative from North Haven, Representative Pingree.

Representative **PINGREE**: Thank you Madam Speaker. Madam Speaker, Men and Women of the House. I am just rising to try to answer that question.

First of all, I hate to say bad news, but when we talk about older people, in terms of these bills, older people often means people over the age of 50. I think a lot of folks in this Chamber would be among those groups, under any of these bills, who could be paying a higher rate based on their age.

In terms of Medicare and Medicaid, Medicare especially, as I am sure the good Representative from Skowhegan knows well, those people's rates are set by the Federal Government. Obviously, many senior citizens and older people buy supplemental policies from insurance companies. This would impact those people buying in the individual market, so it does apply across the board. Thank you, Madam Speaker.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Falmouth, Representative Brautigam.

Representative **BRAUTIGAM**: Thank you Madam Speaker. Madam Speaker, Men and Women of the House. Just a few cleanup points and an observation: One, the comment that Maine has 130,000 who are not covered with insurance, we need to do better than that, we can bring that number down. But I have to say, if we had an uninsured rate at the same rate as Idaho, we would have over 200,000 uninsured. That would be 70,000 additional people without insurance, if we are going to use Idaho as a model and we are going to emulate them. We have fewer uninsured that all but 45 other states.

Secondly, a comment was made a moment ago that the rating bands in the bill that was enacted and signed this afternoon are not wide enough. Again, I have to confess some confusion here. We have two different proposals here: One with a 5:1 rating band which is in the bill, and one with an amendment which is a 40 percent rating band, much, much narrower, which is not currently before us. The rating bands that are in this theoretical proposal that is not before us are actually allowing less flexibility to the insurance carrier than the rating bands we enacted yesterday. So if the problem is we need wider rating bands, we need more flexibility, actually the amendment that would be coming forward to clarify the comments about the bill which is apparently no longer the real proposal, those would actually go in the wrong direction. So I think that has to be clarified.

A couple of speakers, earlier, talked about minimal reform, and one speaker, my friend from Newcastle, referred to the same amount being charged to younger people as to older people. That is not the law in Maine, and it hasn't been the law in Maine for a long time. You are allowed to charge older people 50 percent more in Maine; it is not the law that is the same amount. And with the expanded rating bands, it is 2.5 times more and that was referred to as minimal reform—2.5 times more for older people on the basis of their age. That is major, major difference, the discrimination on the basis of age, and it is something that we are going to live with.

My good friend from Biddeford, for whom my esteem could not be greater, but I have to disagree. It is not simply our one task to reduce premiums. We have to balance a variety of different values, the quality of the product that is given to us. If we wanted to have Mega Life selling insurance up and down Maine to everybody with these products that they don't stand behind, with very minimal coverage, with very few benefits and with very tiny little networks for available providers, I'm sure we could go in that direction. We could bring premiums down. We are looking for the best balance of value, coverage, making sure people have access to insurance; yes and price, along with that, but I don't think we can put any one of those different values in isolation.

Another little statistic: High-risk pool states across the country, uninsurance rates of 15 percent and in states that don't have high-risk pools, uninsurance rates are 13 percent. High-risk pools are a compassionate alternative in places that don't actually require their insurance carriers to cover the sick people. It is a compassionate thing to do in those states. I have no problem with a high-risk pool, I just don't think it is a substitute, I don't think it is a means of individual market reform. It is just a compassionate thing to do for a few people who have no other options.

Now one final observation: Insurance companies, the business of insurance is to privatize profits and socialize risk. It is their business to privatize the profits and to socialize the risks to other entities. It is a morally neutral thing, they are a company that are making profits, but our business, as policymakers, is to stand up when that begins to harm our constituents and to say no, we are not going to have you shifting your risk onto everybody else. Thank you very much.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Auburn, Representative Samson.

Representative **SAMSON**: Thank you Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. This was going to be a longer speech, but I am going to editorialize. Why am I opposed to the Majority Ought Not to Pass Report? I am thinking of those constituents, those taxpayers, the hardworking families that are in the middle. They are not rich, they are not very poor, they can't afford insurance. We need to bring the costs down for everyone. Who is going to protect them from the big, bad insurance companies? Fortunately, we just passed the bill of rights. I think that will go to address a lot of those problems referenced in an earlier speech. We need to think about the people that do the working, the people that pay the taxes, the people that are left uncovered by our current situation. Those folks need our help. This is the only way we have at our disposal to do that. I would urge you to defeat this motion and pass this bill. Thank you.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Kennebunk, Representative Connor.

Representative **CONNOR**: Thank you Madam Speaker. Madam Speaker, Men and Women of the House. I do sincerely apologize for adding to this lengthy debate. I will admit I was surprised that my question was answered. I do want to touch on probably three very quick points, and hopefully we will move towards some voting.

The Representative from Auburn brought up that there are some protections in place. It is important to note that just as when we see Anthem looking to have a 17 percent hike in their rates a couple of months ago, that all of that goes before the Bureau of Insurance. There are entities that are in place already, that will remain in place, that have a role to make sure that the rates are not hurting people, I guess, is the best word.

The other piece we talked about earlier, the good Representative from Brunswick said that the rates would go up and we don't know where. We do know that the premiums are going to be 25 to 50 percent higher, so if it is $100, it would be $150 for somebody else. So the notion that it is an astronomical, we don't know where the numbers will go, we do have a sense of where they will go. They will be no higher than 50 percent of what the "normal band" is.

The good Representative from North Haven talked about what would happen to young women in the 20 to 30 range who may find themselves in the good presence of a baby in the womb. I am looking at the restricting health care thing that has been produced, and again, this is talking about how we would, if this bill were to pass, look at grouping these folks for reinsurance. I don't see gestation or pregnancy on the list. I think we need to be clear that some of the information about all of the bills is misinformation, not necessarily or in any way purposeful, but that insurance is a complicated, complicated thing, as we have heard.

Lastly, the bill of rights that was just moved forward by the good Representative from Hallowell, I believe, I think does actually lend us to be in a better position as we go forward for all of this. I hope you folks will support my red light against this motion, so that we can talk about the amendment which is a better bill than what we presently passed and had signed today. Thank you.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Oxford, Representative Hamper.

Representative **HAMPER**: Thank you Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. We are into this now, an hour and thirty-five minutes. A quick reminder: this is exactly what the Prosperity Committee had recommended, the Unanimous Prosperity Committee Report.

Second thing, it is time for me to invoke scripture, Ecclesiastes 6:11. The more the words, the less the meaning, and how does that profit anyone? Thank you, Madam Speaker.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Saco, Representative Pilon. Having spoken twice now requests unanimous consent to address the House a third time. Is there objection? The Chair hears no objection, the Representative may proceed.

Representative **PILON**: Thank you Madam Speaker. Madam Speaker, Ladies and Gentlemen of the House. I hope this is my last time. Anthem writes 93 percent of the individual market. Last year, they submitted a request to increase their rates 17.5 percent; the previous year, the same request, approximately 18 percent; and the previous year before that, approximately the same amount. This is an opportunity to correct that trend, bring new carriers in the marketplace, and reduce premiums and deductibles. I urge you to support my motion. Thank you.

Representative VAUGHAN of Durham **REQUESTED** that the Clerk **READ** the Committee Report.

The Clerk **READ** the Committee Report in its entirety.

The SPEAKER PRO TEM: The Chair recognizes the Representative from Durham, Representative Vaughan.

Representative **VAUGHAN**: Thank you Madam. Speaker. Madam Speaker, Ladies and Gentlemen of the House. There are a lot of folks in this body that are, well, scared, scared of the wrong thing. You hear a lot of the same misinformation that I heard on presenting my bill. Is this the best bill, the best offering of a free market reform? No, that was my bill. Is it the only chance we have, is it going to work? I don't know; it is sort of experimental. Do we know it works in Idaho? I'm not sure that we are doing everything they are doing in Idaho. One thing I am sure of: I hear people remarking that Maine has such a low incidence of uninsured. Well, we have around 800,000 folks insured in the State of Maine with private insurance. About 40,000 of them are in the individual market, which is who we are talking about; 130,000 uninsured are also who we are talking about. Unfortunately, about a quarter of the state's population is on MaineCare, Medicaid. Folks, Medicaid is not insurance, it is medical welfare, and you are using those statistics to skew the overall amount of the uninsured in the State of Maine. As a result of that, when we talk about the higher provider costs, one of the things that is driving the cost of the providers is how much free health care we are giving away and how much uncompensated care and how much under compensated care the state is responsible for. Guess what happens? Those costs get passed along to the people that are paying the freight, the people that have health insurance. That is called cost shifting, and that is one of the reasons, as has been correctly identified, why health insurance is so high in this state. Will this bill reduce premiums? Madam Speaker, I would like to pose a question to the good Representative from Saco.

The SPEAKER PRO TEM: The Representative may pose his question.

Representative **VAUGHAN**: Thank you, Madam Speaker. How much will this bill reduce premiums, which, after all, is the whole point of doing it?

The SPEAKER PRO TEM: The Representative from Durham, Representative Vaughan has posed a question through the Chair to the Representative from Saco, Representative Pilon. The Chair recognizes that Representative.

Representative **PILON**: Thank you, Madam Speaker. It is anticipated that I can guesstimate that the premiums would be reduced by maybe 30 to 40 percent of what the current rates are, and that is truly a guesstimate. I can tell you that in New Hampshire, these are just examples, in New Hampshire, for a 26 year old, a $5,000 deductible, in Maine, they are paying $275; in New Hampshire it is $112. A 40 year old with a $5,000

deductible in Maine is $343 and some change; in New Hampshire it is $181. So actuarially, the numbers that we have been looking at probably have 30 or 40 percent decrease.

The Speaker resumed the Chair.

The House was called to order by the Speaker.

The SPEAKER: A roll call has been ordered. The pending question before the House is Acceptance of the Majority Ought Not to Pass Report. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 428

YEA - Adams, Babbidge, Barstow, Beaudoin, Berry, Blanchard, Blanchette, Bliss, Boland, Brautigam, Briggs, Bryant, Burns, Cain, Campbell, Canavan, Carey, Carter, Casavant, Clark, Craven, Crockett, Driscoll, Duchesne, Dunn, Eaton, Eberle, Faircloth, Farrington, Finch, Finley, Fischer, Fisher, Gerzofsky, Grose, Harlow, Haskell, Hayes, Hinck, Hogan, Jackson, Jones, Kaenrath, Koffman, Lundeen, Makas, Marley, Mazurek, Miller, Mills, Miramant, Norton, Pendleton, Peoples, Percy, Perry, Pieh, Pingree, Piotti, Pratt, Priest, Rand, Rines, Schatz, Simpson, Sirois, Smith N, Sutherland, Theriault, Treat, Trinward, Tuttle, Valentino, Wagner, Watson, Webster, Weddell, Wheeler, Mr. Speaker.

NAY - Annis, Austin, Ayotte, Beaudette, Beaulieu, Browne W, Cebra, Chase, Cleary, Connor, Cotta, Cray, Crosthwaite, Curtis, Edgecomb, Fitts, Fletcher, Flood, Gifford, Giles, Gould, Greeley, Hamper, Hanley S, Hill, Jacobsen, Johnson, Joy, Knight, Lansley, Lewin, MacDonald, Marean, McFadden, McKane, McLeod, Millett, Muse, Nass, Pilon, Pinkham, Plummer, Prescott, Rector, Richardson D, Richardson W, Robinson, Rosen, Samson, Sarty, Savage, Saviello, Silsby, Strang Burgess, Sykes, Tardy, Thibodeau, Thomas, Tibbetts, Vaughan, Walker, Weaver, Woodbury.

ABSENT - Berube, Conover, Dill, Duprey, Emery, McDonough, Moore, Patrick, Pineau.

Yes, 79; No, 63; Absent, 9; Excused, 0.

79 having voted in the affirmative and 63 voted in the negative, with 9 being absent, and accordingly the Majority **Ought Not to Pass** Report was **ACCEPTED** and sent for concurrence.

The following items were taken up out of order by unanimous consent:

ENACTORS

Resolves

Resolve, To Conduct an Updated Study of the Feasibility of Establishing a Single-payor Health Care System in the State

(H.P. 790) (L.D. 1072)

(H. "A" H-662 to C. "A" H-644)

Reported by the Committee on **Engrossed Bills** as truly and strictly engrossed, **FINALLY PASSED**, signed by the Speaker and sent to the Senate.

Acts

An Act To Amend the Charter of Northern Maine General

(S.P. 930) (L.D. 2322)

Reported by the Committee on **Engrossed Bills** as truly and strictly engrossed, **PASSED TO BE ENACTED**, signed by the Speaker and sent to the Senate.

Emergency Measure

Resolve, To Create the Blue Ribbon Commission To Study the Future of Home-based and Community-based Care

(H.P. 1436) (L.D. 2052)

(S. "B" S-649 to C. "A" H-795)

Reported by the Committee on **Engrossed Bills** as truly and strictly engrossed. This being an emergency measure, a two-thirds vote of all the members elected to the House being necessary, a total was taken. 136 voted in favor of the same and 1 against, and accordingly the Resolve was **FINALLY PASSED**, signed by the Speaker and sent to the Senate.

Acts

An Act To Implement the Recommendations of the Legislative Youth Advisory Council with Respect to Educational and Organizational Matters

(H.P. 1510) (L.D. 2131)

(S. "A" S-646 to C. "A" H-734)

Was reported by the Committee on **Engrossed Bills** as truly and strictly engrossed.

On motion of Representative PINGREE of North Haven, was **SET ASIDE**.

On further motion of the same Representative, **TABLED** pending **PASSAGE TO BE ENACTED** and later today assigned.

Acts

An Act To Implement the Recommendations of the Alternative Education Programs Committee

(H.P. 1661) (L.D. 2303)

(S. "A" S-647)

Reported by the Committee on **Engrossed Bills** as truly and strictly engrossed, **PASSED TO BE ENACTED**, signed by the Speaker and sent to the Senate.

Acts

An Act To Promote Transparency and Accountability in Campaigns and Governmental Ethics

(H.P. 1585) (L.D. 2219)

(S. "A" S-601 to C. "B" H-939)

Reported by the Committee on **Engrossed Bills** as truly and strictly engrossed, **PASSED TO BE ENACTED**, signed by the Speaker and sent to the Senate.

SENATE PAPERS

Non-Concurrent Matter

Bill "An Act To Require That a Person Be a Maine Resident in Order To Be Issued a Maine Driver's License" (EMERGENCY)

(H.P. 1662) (L.D. 2304)

PASSED TO BE ENGROSSED AS AMENDED BY HOUSE AMENDMENTS "B" (H-994) AND "C" (H-1006) in the House on April 14, 2008.

Came from the Senate **PASSED TO BE ENGROSSED AS AMENDED BY HOUSE AMENDMENT "B" (H-994) AND SENATE AMENDMENT "A" (S-645)** in **NON-CONCURRENCE**.

On motion of Representative MARLEY of Portland, the House voted to **RECEDE AND CONCUR**.
