

MAINE STATE LEGISLATURE

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pages 1 - 1067

donating to campaigns and the good Representative from Lewiston is correct. Corporations, on the federal level, don't give directly to the congressional campaigns. However, as you know, there are PACs, so there are ways of contributing and influencing an outcome of a federal election by a corporation donating. So just a point to consider and think about and we still have to figure out a way to keep millionaires from buying elections and this is probably the best way of doing it. Just something to keep in mind.

The SPEAKER: The Chair recognizes the Representative from Brooksville, Representative Chapman.

Representative **CHAPMAN**: Thank you, Mr. Speaker. Mr. Speaker, Colleagues and Friends of the House. One of the reasons that I ran for this office was because I was not pleased with the processes that I saw at work in a prior administration and I'm sure that there are others of my co-freshmen legislators who are here for the same reason, and I would like to express my disappointment that we are straying off of the issue areas and getting into the type of politics game-playing that I think the public particularly dislikes, as do I. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Portland, Representative Chipman.

Representative **CHIPMAN**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I just want to clarify a couple of things on this.

This original bill, LD 856, was introduced as a bill to raise the county contribution limits. The arguments made at the public hearing on the Committee of Veterans and Legal Affairs, which I serve on, were that countywide candidates were subject to a \$350 limit that was too small if you're running for a countywide race. Included in that was also municipal contribution limits, raising them from \$500 to \$750. There was no discussion whatsoever at the public hearing about raising gubernatorial contribution limits. There was nothing in the bill about raising gubernatorial contribution limits. In fact, Maine Citizens for Clean Elections, which were in the room and speaking on a variety of different bills, didn't take a position on this bill because it really had nothing to do with privately funded candidates who may be competing in Clean Election funded candidate races. It had nothing to do with anything to do with statewide campaigns or state level campaigns.

Then in the work session one of the members of our committee did suggest raising the gubernatorial contribution limit from \$750 to \$2,500 and adding that amendment on to this bill, which had nothing to do with state level races whatsoever, and we decided in the committee not to do that because we didn't feel there was an adequate public hearing on that. Folks like Maine Citizens for Clean Elections and other groups that are opposed to Clean Elections may have wanted to weigh in on that and weren't able to, so we decided no. The bill came out of committee without anything to do with gubernatorial contribution limits at all. Then when it went to the other body, that's what this piece was added on there and that's the piece that I object to because people have not been able to really weigh in on it. I just want to clarify those points and again urge you to please join me in voting red. Thank you.

The SPEAKER: The Chair recognizes the Representative from Bangor, Representative Goode.

Representative **GOODE**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I just wanted to rise because I've been looking at a sheet that we were handed out from the Representative from Alna, Representative Fossel. It's a letter to the 125th Maine Legislature and I've been looking over a number of the names and just wanted to let everybody know that as I've looked over this list, probably around 20 or so of these

people I definitely know and live in Bangor. I'm just really impressed looking at this list.

I know there is a former Republican legislator, former Representative from Dover-Foxcroft, who is on this list. A constituent of mine who does not always share my persuasion politically, who supported the current State Treasurer and his bid to become Chief Executive is on this list. There are a lot of small business owners in Bangor that I know that are on this list.

I just really think that this is impressive and that it might be helpful for people to look over this and really understand the breadth and depth of support for making sure that there's a level playing field when people are running for office before we vote. So thank you.

The SPEAKER: A roll call has been ordered. The pending question before the House is Passage to be Engrossed as Amended. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 148

YEA - Ayotte, Beaulieu, Bennett, Bickford, Black, Burns DC, Burns DR, Cebra, Celli, Chase, Clark T, Cotta, Crafts, Cray, Crockett, Curtis, Cushing, Damon, Davis, Dow, Dunphy, Edgecomb, Espling, Fitts, Fitzpatrick, Flood, Fossel, Foster, Fredette, Gifford, Gillway, Guerin, Hamper, Harmon, Harvell, Johnson D, Johnson P, Keschl, Knapp, Knight, Libby, Long, Maker, Malaby, McClellan, McFadden, McKane, Morissette, Moulton, Nass, Newendyke, O'Connor, Olsen, Parker, Parry, Picchiotti, Plummer, Prescott, Richardson D, Richardson W, Rioux, Rosen, Sanderson, Sarty, Sirocki, Strang Burgess, Tilton, Timberlake, Turner, Volk, Waterhouse, Weaver, Willette A, Willette M, Winsor, Wood, Mr. Speaker.

NAY - Beaudoin, Beavers, Beck, Beliveau, Berry, Blodgett, Boland, Bolduc, Briggs, Bryant, Cain, Carey, Casavant, Chapman, Chipman, Clark H, Clarke, Cornell du Houx, Dill J, Driscoll, Duchesne, Eberle, Eves, Flemings, Gilbert, Goode, Graham, Hanley, Harlow, Haskell, Hayes, Herbig, Hinck, Hogan, Hunt, Kaenrath, Kent, Kruger, Kumiega, Lajoie, Longstaff, Lovejoy, Luchini, MacDonald, Maloney, Martin, Mazurek, McCabe, Morrison, Nelson, O'Brien, Peoples, Peterson, Pilon, Priest, Rankin, Rochelo, Rotundo, Russell, Sanborn, Shaw, Stevens, Stuckey, Theriault, Treat, Tuttle, Valentino, Wagner R, Webster, Welsh.

ABSENT - Dion, Innes Walsh, Wintle.

Yes, 77; No, 70; Absent, 3; Vacant, 1; Excused, 0.

77 having voted in the affirmative and 70 voted in the negative, 1 vacancy with 3 being absent, and accordingly under further suspension of the rules the Bill was **PASSED TO BE ENGROSSED as Amended by Senate Amendment "A" (S-220)** in concurrence.

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

UNFINISHED BUSINESS

The following matter, in the consideration of which the House was engaged at the time of adjournment yesterday, had preference in the Orders of the Day and continued with such preference until disposed of as provided by House Rule 502.

HOUSE DIVIDED REPORT - Majority (7) **Ought to Pass as Amended by Committee Amendment "A" (H-429)** - Minority (6) **Ought to Pass as Amended by Committee Amendment "B" (H-430)** - Committee on **INSURANCE AND FINANCIAL SERVICES** on Bill "An Act To Allow School Administrative Units To Seek Less Expensive Health Insurance Alternatives"

(H.P. 972) (L.D. 1326)

TABLED - June 2, 2011 (Till Later Today) by Representative RICHARDSON of Warren.

PENDING - Motion of same Representative to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED** Report.

Representative RICHARDSON of Warren **REQUESTED** a roll call on the motion to **ACCEPT** the Majority **Ought to Pass as Amended** 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 Warren, Representative Richardson.

Representative **RICHARDSON**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. LD 1326 is about providing health insurance options to school districts. Right now school districts pay up to 14 percent of their operating budgets for health insurance. School boards cannot negotiate down that price because MEA Benefits Trust and its insurer, Anthem, have a lock on 98 percent of the school business in Maine. School districts can't solicit competitive bids because MEA Trust won't release claims data. LD 1326 would require them to do that and open up the business to competition. It most likely would make MEA Benefits Trust sharpen its pencil to compete for their share.

With the rates that it has charged in recent years, the plan has been able to build an asset fund that totals \$87 million, despite being fully insured by Anthem. The fund has grown, by the way, from \$60 million to \$70 million to \$80 million, and now \$87 million in just four years. Why is that money, most of which is taxpayer money, sitting in a protected trust? The bottom line is competition helps bring down prices. Without competition, the Trust gets to tell school districts what plan they have to buy and how much they have to pay for it. It's not fair. It's not good use of our taxpayer money. Thank you.

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. I stand to oppose the pending motion. This legislation is virtually identical to legislation previously voted Ought Not to Pass by this body. Further, we have already enacted legislation, LD 404, which is intended to provide additional options in terms of lower cost health care for various school districts to consider through the MEA Trust. We've also, through that legislation, restructured the board of the MEA Benefits Trust and have agreed to release statewide data.

This bill, by releasing local school unit data, threatens the privacy interests of teachers in small school districts and it will lead to a cherry-picking of the MEA plan. School districts located in areas of the state where medical costs are lower or that have an employee population with younger employees, or who do not have any employees who have sought medical treatment for expensive claims such as cancer, those districts will be encouraged to leave the plan, leading to higher costs for everyone else. The ultimate result could be the death spiral that we hear so much about in the open marketplace, especially in districts in central, western, eastern, and northern Maine. Those districts will see their costs going up. You have some materials that have a pretty graphic chart that have been handed out that shows where those districts are, where those counties are, where the costs will go up. Those costs are already higher, but are spread out in average across the entire employee pool at this time.

Once people start pulling out because they happen to be in parts of the state that have many more medical facilities, for example, then we'll see those costs in other areas of the state going up even more. Further, these negative effects are not really necessary. School districts that are really determined to

look elsewhere certainly may do so and not all school districts are insured through the MEA Trust. Moreover the MEA plan is actually a very good one. They have kept their administrative costs quite low, less than 8 percent in the last couple of years, and they have used the fund that has been described to buy down the cost and make sure that this insurance is affordable to everyone.

As part of the committee's deliberations, we had another bill that we looked at, the option of putting the MEA Trust within the state employee plan. That's another bill that we'll discuss later. This turned into a study, but the bottom line from what we found out there was that the state employee plan actually costs more and doesn't necessarily cover the same things. That in fact, as one of our members said, if we're going to be talking about that, maybe we should put the state employee plan into the MEA plan, not the other way around. We know that costs have gone up pretty dramatically in the regular group marketplace. Again, the MEA Trust has kept its costs down. The increased premiums, in 2010, were only about 2 percent which is really extraordinary. They went up to about 6.5 percent this last year. But again, that's better than many, many plans around this state.

I think we need to give the reforms that we already enacted a chance to work. I think we shouldn't be pulling apart something that actually works very well. This is not a piece of legislation that is going to benefit many, many parts of this state, particularly the rural parts, and even where I live in central Maine. Central Maine right now is sort of the average, but if you pull out those who can go elsewhere, then it's going to go up for the rest of us. You know I think that we need to look at this state and our policies, to some extent, as a reflection of our community, and it shouldn't just all be about me first. I can go out and get something better, but too bad for all the rest of you. I think that this is exactly where this legislation is leading and should resist that impulse because, in the end, it isn't going to leave us with good policy for anybody. Thank you.

The SPEAKER: The Chair recognizes the Representative from Berwick, Representative O'Connor.

Representative **O'CONNOR**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. As many of you probably know, I've served three terms as a school board director and I am actually finishing up that third term. Many times I have had to negotiate contracts with the teachers and the administration. It has been more than frustrating at many times to negotiate the health insurance piece to get the best deals that we possibly could for the employees of the district, at the very best price to the taxpayers. We tried many times to get competitive bids, but because the Maine Education Association Benefits Trust wouldn't release the claims data, we could not get that information. Furthermore, as it has been said, the MEA Trust does have a built-in reserve now of \$87 million, but in that time we have not seen any of our rates decrease for our teachers and administrators.

I did speak to the superintendent of our school as well as our school board and they are 100 percent in support of this legislation. I can estimate that this legislation and the ability to negotiate insurance contracts could have saved the SAD 60 school district probably between \$300,000 and \$400,000. That is a lot of money that can be kept right where we need it, in the classrooms teaching our children. We would not have had to lay off the number of teachers that we did if we could have negotiated these contracts. I beg you; please follow my light on this. Thank you.

The SPEAKER: The Chair recognizes the Representative from Bangor, Representative Goode.

Representative **GOODE**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I just want to draw your attention to a few more floor sheets that have been distributed. Representative Johnson, Representative Richardson, the Representative from Herman, the Representative from Caribou, Representative Edgecomb, have all distributed different floor sheets that show a map of the state. I just feel as though these maps really highlight who the winners are and who the losers are in this bill. It's very clear looking at the sheet that the communities who have a higher rating factor based by counties, a rating factor over 1, would most likely be losers in this bill.

Often when we debate things in this body they are based on political persuasions or philosophies. It really would be beyond me to see this bill not be a geographic vote. It was very clear in our committee that what most likely would happen should this pass is that a number of the more well-to-do communities in southern Maine could form a pool, have lower rates, leave the teachers pool and leave the rural communities, largely in the Second Congressional District, out to dry with a higher amount of risks that they would then have to bear. So I just really, in working this bill in our committee and hearing about the conversations that happened in the Education Committee around I think the five different bills that dealt with this issue, it was very clear that this is a good bill for people who have younger and healthier populations. But for the state as a whole, you want to share the risk and it is very difficult for me to see members of this body leaving a huge population of this state kind of out to dry and to share their own risk.

Any school district right now can already get the statewide data and it can already leave the pool if they would like. Again, smaller districts, whether you're in a county that looks like it would do well based on this map or a county that would not, smaller districts will be subject to volatile rate swings. So if it looks good now and you have a pool of 300 employees and a couple of people get brain cancer, a couple of people have premature births, the next year your rates could go way up. If that happens right now in this large pool statewide, you're going to be less subject to that volatile type of change if there is a major health concern. Again, I envision that if this should pass a number of the more well-to-do communities, as you can see by this map, could make their own pool, get a lower rate, and leave the rest of the state out to dry.

I've talked with my superintendent. I'm friends with my superintendent. My mother works in our school district in Bangor. I've just been hired to work in our school district in Bangor and I respect my superintendent's position. I'm assuming most people in this body respect their superintendent's position, but I really feel that there are lots of issues dealing with insurance. This Legislature has passed a number or is posed to pass a number of bills that provide a more thoughtful approach and I just really feel as though when I've explained to people like my superintendent, other people that I've talked to, that a bigger pool is better, they have tended to understand my perspective.

I also just want to really reiterate that costs vary for health care across the state. The interstate exit that you get off of determines the cost of your care. So if you live in a community with higher cost health care and the people who live in the areas with lower cost health care in the state leave the pool, it's going to force you to bear more of the risk based on where you live.

I also just want to, as much as I respect people in this body fighting for their district and what's good for Maine, I encourage you to look at the maps that the Representative from Caribou has distributed, the Representative from Greenville, the Representative from Herman have all distributed, and really think about the people who are speaking today and the people who are

very excited about this bill and think about what districts they represent on this map, and it is a district that stands to gain a lot from leaving this pool and leaving people in rural Maine out to dry. I just think that would be an important thing that I would want to do before I voted on this bill. So I thank you for your time and urge you to oppose the pending motion.

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. LD 1326 is a property tax bill much more than it is a health care bill. Most of the cost of education is paid for through property taxes and 14 percent of that is health insurance, more than \$300 million a year. It's a lot of money. It's big money and we have two large interests battling to prevent this bill from passing. The Maine Education Association and Anthem BlueCross do not want this bill to pass. This is a sweetheart deal with Anthem supplying almost all of the school districts. This is, in any way you can look at it, a virtual monopoly.

But this bill does not propose to eliminate the Maine Education Association Benefits Trust. It simply allows school districts to competitively bid or band together and self-insure. Your school district cannot do this without the claims data being held tightly by the Maine Education Association. Again, this is a really nice deal for MEA and our monopoly carrier Anthem BlueCross. Having a closed system like this prevents any competition in this very large market. This bill simply allows competition. We've heard that allowing this competition will have a detrimental effect on rural school districts. I will allow that it will benefit all districts in the State of Maine. But the lobbyists from Maine Education Association asked me, so you're saying that there are no winners or losers, there are just winners? I said no. No, there are losers. The losers would be the Maine Education Association and Anthem BlueCross.

Just a little bit about this deal that's going on here. All that it would do, 1326 would allow school boards to compare prices on health insurance. Remember 14 percent of the cost of running a school on average in the State of Maine is health insurance, huge money. School boards cannot obtain this data because MEA Trust will not release it. Several school districts have already estimated that they would save hundreds of thousands of dollars if they could get out of this and be able to find a competitive price. The MEA has a reserve. The MEA Benefits Trust has a reserve of \$87 million. That has grown from \$60 million in five years. That's a real nice cushion to sit on and that money comes out of taxpayers. The MEA Teachers Union received \$901,000 from the MEA Trust in 2010, up from \$516,000 in 2009, a 74 percent increase, for what? Teachers will not be forced out of this Trust. If the Trust is named in the contract it will have to be negotiated. This is again about competition in the health insurance market so that your property taxpayers can save some money and more money can go into the classroom instead of to the monopoly carrier and to the Teachers Union. Thank you very much, Mr. Speaker.

The **SPEAKER**: The Chair recognizes the Representative from Lewiston, Representative Wagner.

Representative **WAGNER**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I really don't understand the mathematics that say that if the low inexpensive claims districts leave this Maine Education Association and Benefits Trust, that then the expenses for the other more higher cost claims areas won't go up. I can't imagine that they won't go up. If there is some good mathematics to show otherwise, I'd love to see them. But my main reason for standing is to remind all of us that LD 404, which the Education Committee negotiated

thoroughly, in my opinion, with interested parties, including the Maine Education Association Benefits Trust, has made some significant changes, and it's a bill, LD 404, which passed unanimously. It will allow for statewide claims information to be made public. It will allow for a lower cost alternative plan. There will be a lower cost alternative plan presented by the MEA Benefits Trust. The proposals will go out for bid every five years, which did not occur in the past, and there will be a Maine School Board Association board member on the MEA Benefits Trust board. These are all good steps, good steps negotiated effectively, and as a result it seems to me there should be a third alternative to the other two, the Majority and Minority Reports, of which there is a mini Minority Report which is Ought Not to Pass on 1326. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Caribou, Representative Edgcomb.

Representative **EDGEComb**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. This information that I passed out was to help you in making your decision today. It's always been my philosophy that as a school superintendent, that if I provided plenty of information to the school committee I always felt they would make the right decision, and that was the purpose of doing this. I listened closely in caucus. I've listened to people since then and I felt I needed more information, and I've even made phone calls right up to the point of this discussion happening today. If you would like to know how I'm going to vote, my name is in the middle of this board over there and you will see my light. Thank you.

The SPEAKER: The Chair recognizes the Representative from Portland, Representative Lovejoy.

Representative **LOVEJOY**: Thank you, Mr. Speaker. I apologize. I got caught in the back of the room for a moment. Mr. Speaker, Ladies and Gentlemen of the House. This bill didn't go through the Ed Committee where an identical bill did go, so although I wasn't part of this committee it's an issue that we heard a lot about.

One of the questions that I asked an insurance representative there, not from Anthem, was: based on the fact that medical costs are higher in northern and eastern Maine, would their individual policies for the districts be more expensive? His reply was yes, they will be. That's one of the issues because, in some cases, a procedure might be twice as much in a hospital in northern or eastern Maine than it is in a hospital in Portland, higher costs, high insurance premiums. That's where the chart that Representative Edgcomb had had distributed came from.

Now I look at my county, Cumberland County, .9. That means this bill would give us lower rates. Now I could vote for what's best for my district, but in committee I voted for what I thought was best for the state. The insurance rate is the same in Aroostook County or Washington County as it is in York County through the MEA. I don't think that's a bad thing.

Now if it comes down to a vote here, I can defend my vote, that I voted against perhaps the best interest of my district because I voted for what I believe is the best interest of the state, and I urge all of you to think about that. Of course, I could easily justify voting for this bill. It could save my district money. Can you justify voting for this bill if it costs your district money? Thank you.

The SPEAKER: The Chair recognizes the Representative from Old Town, Representative Dill.

Representative **DILL**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I rise today to oppose this motion. I'm currently the chair of the school board in RSU 34, formerly Old Town School Board, and I have been for the last 15 years. Some would say I'm kind of a glutton for punishment and I

guess that's why I'm here too. That being said, I have to agree with almost everybody here today that's been saying, you know, health care costs are out of sight, especially for the school systems. It's one of our major costs. They continue to rise.

But I have spoken about this issue with my superintendent, again we're one of the more rural areas, and I urge you not to vote for this because it's going to have, like in all cases, winners and losers, and especially if some of the larger facilities systems in the southern part of the state pull out. I think it would even be worse than what it shows here on these sheets. So I urge you to vote against this. Thank you.

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

Representative **BECK**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. Very briefly, I absolutely agree with the Representative from Warren, Representative Richardson, the Representative from Newcastle, Representative McKane, that health care, teacher's health insurance, is very expensive. If you think it's expensive now, just wait until we reduce the size of the insurance pool for certain districts and make the pool less diverse. That's a basic tenet of insurance, that a smaller pool, a less diverse pool as would occur under this bill, increases the cost of insurance.

I want to address the mention of these large reserve funds. It's very typical in insurance to have large reserve funds. The Benefits Trust in question has used them to actually buy down rates, reduce rates, and I think it's important too that we don't consider this bill in just a vacuum. The Appropriations Committee will do something. We're not sure what, but I'm sure they will make some change to teachers' retirement, to the state contribution, etcetera. If you really want to go home and meet with your teachers, meet with your retirees in the high school cafeteria in Augusta or Winslow or Wiscasset or wherever you may represent and say that you voted for the budget that reduces the state contribution for retiree health insurance and you also voted to maybe not to eliminate the MEA Benefits Trust, but certainly savings and insurance, they don't just come from nowhere. They have to come from somewhere, usually probably in a reduced benefits package. And further, insurance companies don't reduce rates out of the kindness of their heart. They do it if they can reduce exposure to risk. This is a very bad bill. I hope you oppose it.

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

Representative **McKANE**: Thank you, Mr. Speaker. Sorry for getting up twice on this. Just a couple of things to clarify. LD 404 does not require that the MEA release the claims data and therefore will not allow any competitive bidding. Any school district in the state can continue to go with the MEA Benefits Trust. That's going to continue to be there and will probably continue to be the largest insurer for schools in the state.

Just one final thing, competition is going to benefit everybody. This is a very large market and it is closed to competition. It's going to benefit everybody. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Deer Isle, Representative Kumiega.

Representative **KUMIEGA**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I represent nine school districts. One employs one teacher, another employs two teachers. I respect the good Representative McKane's reference that this will benefit all school districts. Do you really think that those school districts here are going to be able to buy better insurance given that amount of purchasing power? Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Denmark, Representative Sarty.

Representative **SARTY**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I'm going to try to condense this. Two years ago I received a call from three school superintendents representing three districts in the lake region area. They asked to have a meeting with myself and two other State Representatives from that area. The topic was their right to bid out for health care insurance. This was initiated by them. It was not initiated by anyone in this caucus. We met with the teachers, but prior to going down I researched the law and under Title 20-A, it's very clear and has been for many, many years that school districts do in fact have the right to bid out their own health care insurance. In fact, under 20-A, with the authority of the school board, it said shall bid out all insurances on a five-year cycle. There is a provision in that title that allows them to waive health care insurance if they're satisfied with the current plan.

Obviously these three school districts were not satisfied with the current plan, but let's be realistic. I'm not satisfied with my plan. I don't think many of you are satisfied with your plans because our rates in Maine are among the highest in the country. No matter what employee group we're with, Maine has been tagged. We made the national news last year three times in one week, every national news channel, as being one of the highest states for health care insurance in the country with a company that controlled most of the market representing the highest rate increases throughout the country. So put the two together. We're all unhappy. So the result of that meeting was researching the law and meeting with those three school superintendents.

I presented a bill before Legislative Council last session trying to get it in late in the session and it was rejected. It was a total partisan vote, 6-4. More school superintendents have contacted me since and contacted other members of the House of Representatives inquiring about where this bill was and would we be pursuing it. The bill is obviously back again this year. I sent one copy of a letter from a school board that I received last Saturday. I hadn't met with them. I hadn't solicited their support, but they just heard about it. Twenty-seven different school districts in the State of Maine contacted me and some other Representatives last year very interested in this, and I think it's important when we talk about this to be realistic, put the political rhetoric aside for a little while and read the bill. The first two words in this bill say "they may." Not "they shall." They may.

What we did in working up this bill was add a few provisions that seem to be attractive to people in public education, and I've talked to a lot of teachers about this as well. Add more plan options than currently MEA with only a two-plan option. MMA, also insured, with the guidance of Anthem, has a five-plan option. I've talked to a lot of young school teachers who are young and vulnerable, you know invulnerable or whatever you say, and many of them said I would select the less expensive plan at my age because I'm trying to buy my first home, pay for my cars and have a family. MEA does not offer that. Two plans and both are fairly top-end plans. So there is some interest in that option which is part of this bill.

But one thing that a school district or an RSU has to have in today's world of insurance competition is claims data to put together a competitive bid, and this is the rub, this is what this bill is all about. But I'd really like to ask you to think about this. I think Representative McKane was very correct when he said this is a property tax bill in many ways because it is property tax that has paid for the services that are in fact that claims data. I truly wonder and challenge that a company has the right to withhold information that almost anyone in this room under any other circumstances would scream "public access and right to know"

because it is in fact taxpayer funded data. What right does this company or any company have to tell a school district, which is paying for that claims data and paying for that insurance, that I'm not going to give you the data? Obviously, one reason, to avoid that district being able to seek competition and choice. That's what this bill is about.

To hear the gloom and doom and the never ending kick the can down the road reasons why we can't do things differently has been one of my most discouraging experiences in three sessions here. We can't continue to do that. These people are asking for choice and for options. It's up to them if they choose to use it.

Again, I repeat the first two words in this bill are "they may." This all has to go to the collective bargaining table. The union isn't being pushed away here. We're offering a choice that hasn't existed in LD 1326. It's a good bill. It offers something that hasn't been offered. School districts are asking for this, and I think we would be hard-pressed with any reasons that I've heard discussed so far today on this bill, that it is sufficient to say no to these districts.

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

Representative **BURNS**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I just kind of find this whole being a freshman up here, this whole process kind of intriguing and ironic that earlier today I was approached about supporting a bill that would allow teachers to fall under the state health benefit plan, but yet these folks that are so adamantly defending the MEA position for health insurance will soon be talking about the need for change. It's just ironic and it's a pleasure being a part of this, Mr. Speaker. Thank you.

The SPEAKER: The Chair recognizes the Representative from Portland, Representative Lovejoy.

Representative **LOVEJOY**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I apologize for rising a second time, however the issue of the state insurance is one that I felt I had to comment on. We also looked at what the difference was for the teachers plan versus the state plan. Now the state plan is self-insured to hold down costs, yet the cost for a single individual under the MEA plan was almost \$200 less than that same individual under the state plan. That's \$200 less a month. So when we look at this, to argue that we should put them into the state plan, my comment at the time and these were rates that were published that no one there from either group disputed, my comment was should we let the state people go under the teachers plan because of the difference. At \$200 a month, if we think we're getting a bargain on being self-insured, I think you need to take that into account. Now once again I would urge all of you to think about what's best for your districts, but also what's best for the state.

The SPEAKER: The Chair recognizes the Representative from Topsham, Representative Prescott.

Representative **PRESCOTT**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I've been sitting here listening to this and I just have a question. If someone doesn't want to share something with you, data in this case, it kind of makes me wonder why. Why not? Are you trying to hide something? Why keep it under lock and key? Why is this data not being provided for the people that want it? It's public information. So if we had this data and this bill passed, let me ask you this. What if it works? What if competition does lower costs? Is there only room for one company or will choice create a better environment for our schools? What if this is successful? Isn't this what we're trying to do up here, trying to find solutions? I will vote for the Ought to Pass as Amended. Thank you.

The SPEAKER: The Chair recognizes the Representative from Standish, Representative Shaw.

Representative **SHAW**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. Just a couple of things, I took a couple of notes. As far as releasing the data, the Benefits Trust, it's a statewide plan and they will release the data on a statewide basis. I believe LD 404 specifies that too. I've heard about monopolies. Any school district in this state right now can go anywhere they want and buy health insurance for their teachers and administrators. There is no monopoly there, folks. They have that option now and there are school districts in the state that don't buy their insurance from the MEA Benefits Trust.

We've heard about \$300,000 savings from some district somewhere in the state. That data was compiled without using the retirees' cost in that figure. By state law your school district must cover the retirees of the district. If you don't include them, the figures, it just doesn't make any sense to include them because it doesn't give you a true picture of what the cost would be. If you included the retirees in that school district who is claiming \$300,000 cheaper, it would be more expensive.

One other thing I'd like to talk about is the fund. We've heard \$90 million, \$89 million. The fact of the matter is the balance right now is \$69 million and that's because they just took \$19.3 million to buy down the rate increases from Anthem. I don't think there is any – well, I'm not a friend of Anthem anyways, but they take money from that fund and buy down the rates for your school districts. The Benefits Trust cannot use that money for any other purpose. That money is not going to the MEA. It's not being thrown out the window or used anywhere else. By law it has to be used to buy down the rates for the insurance for your teachers in your districts. It cannot be used for any other purpose. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Greenville, Representative Johnson.

Representative **JOHNSON**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. I was one of the individuals that circulated the data on the MEA plan and I am from rural Maine. You know there are two parts of Maine. There is rural Maine and then there is really rural Maine, and I come from the really rural Maine part. I always find it interesting that the people who are defending the MEA plan from urban Maine – the rural part of Maine, not the really rural part of Maine – and explaining the dangers to rural Maine, that's interesting to me. I believe that competition will help all of Maine and that is why I am going to vote in favor of this LD because I hope that it will help all of Maine. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Denmark, Representative Sarty.

Representative **SARTY**: Thank you, Mr. Speaker. Mr. Speaker, Ladies and Gentlemen of the House. My friend Representative Shaw, from Standish, and I have talked extensively about this. I'd like to reply to a comment he made in reference to the health care trust fund. I'm not about to stand here and tell anyone in this room that I am an authority on MEA's health care trust fund, but it was up to \$87 million a short time ago, and I do understand that in the recent negotiations that both state employees and teachers have gone through for health care contracts for the next year, that there was money used from the health care trust to buy down what would have been a higher increase in premium. I think it's wonderful that they have that opportunity to do that and don't suggest it's a misuse of the fund. However, let's be realistic. That \$87 million is in fact taxpayer dollars with also some teacher contribution percentage. It had to be used to pay the rate to buy it down, but that is deceptive

because that buy down amount represents that rate increase for this year plus the percentage they are being charged. So let's be realistic about where the dollars go.

I have no problem with the Maine health care trust. What I have a problem with is that the guarding of the claims data which is also paid for by the taxpayers of this state is being refused by the very districts in RSUs that pay it. That is unacceptable in my view and it does obstruct the possibility of pursuing competitive bidding for health care insurance, which some districts have done. I believe that's unacceptable that they've taken that position. They have in fact offered the statewide claims data which is totally insufficient. You need your own RSU or district claims data in order to establish what the information you need to create a competitive bidding process. I don't think we have the right to obstruct that choice with our school districts in the State of Maine, whether they are rural or urban.

The SPEAKER: The Chair recognizes the Representative from Standish, Representative Shaw.

Representative **SHAW**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I have the figures on the Rate Stabilization Fund in front of me. In 2008, they took \$12 million from the fund to buy down the increase in rates. Their rate increase that year for your school districts was 4 percent. In 2009, they took \$14,270,000 out of the account to buy down the rate for your school district and your school districts only paid a 0.9 percent increase that year in their health insurance costs. In 2010, they took \$17,800,000 and kept the increases down to 2 percent for your school district. This year, they are going to take \$19,350,000 out of that account to buy down the rate for your school district and it's going to be held at 6.59 percent.

Now if my memory serves me correctly, I believe in the 124th Legislature Anthem had asked for an increase of over 20 percent on the individual market. It was pretty good that MEA Benefits Trust held the rate increase for your school district at 2 percent that year. So just thought I'd throw the facts out there for you, folks. Thank you, Mr. Speaker.

The SPEAKER: The Chair recognizes the Representative from Houlton, Representative Fitzpatrick.

Representative **FITZPATRICK**: Thank you, Mr. Speaker. Mr. Speaker, Men and Women of the House. I'm going to take this from a different angle. I come from a rural area, but I'm going to look at it from the business point of view.

I worked for an insurance agency for a number of years. I heard from my former employer and he wrote me this: There have been numerous times in the past our company, our agency, has been asked by local school administrators what the going rate is for group health insurance in the commercial insurance market. In each instance the districts could have saved significant dollars while actually increasing certain benefits to its members compared to their current plan. However, no administrator is allowed to implement this as an option due to the complexity of the union mandate statewide. Fear runs deep, but the worry that somehow somehow their membership will be affected negatively if health insurance is allowed to be a discussion point. It's the holy grail of benefits not to be touched. As a result the union sticks with an older plan design not competitive to today's insurance product offerings. The school management is therefore hamstrung to even – excuse me. Since I can't get my letter from my former employer, I'll just tell you that I have actually presented proposals to school boards before back in the past and we did have competition.

We have a number of insurance companies. We had bigger markets and with the new LD 1333, I think we're going to see a big change in the state, and we want to offer the schools all the opportunities that they can have to get their data so that they can

receive these quotes that are beneficial to them. Thank you.

The SPEAKER: A roll call has been ordered. The pending question before the House is Acceptance of the Majority Ought to Pass as Amended Report. All those in favor will vote yes, those opposed will vote no.

ROLL CALL NO. 149

YEA - Ayotte, Beaudoin, Bennett, Bickford, Black, Burns DC, Burns DR, Casavant, Cebra, Celli, Chase, Clark T, Cotta, Crafts, Cray, Crockett, Curtis, Cushing, Damon, Davis, Dow, Dunphy, Eberle, Edgecomb, Espling, Fitts, Fitzpatrick, Flood, Fossel, Foster, Gifford, Gillway, Guerin, Hamper, Harmon, Harvell, Johnson D, Johnson P, Kaenrath, Keschl, Knapp, Knight, Libby, Long, Maker, Malaby, McClellan, McFadden, McKane, Morissette, Moulton, Nass, Nelson, Newendyke, O'Connor, Olsen, Parker, Parry, Picchiotti, Plummer, Prescott, Richardson D, Richardson W, Rioux, Rosen, Sanborn, Sanderson, Sarty, Sirocki, Strang Burgess, Tilton, Timberlake, Turner, Volk, Waterhouse, Weaver, Willette A, Willette M, Winsor, Wood, Mr. Speaker.

NAY - Beaulieu, Beavers, Beck, Beliveau, Berry, Blodgett, Boland, Bolduc, Briggs, Bryant, Cain, Carey, Chapman, Chipman, Clark H, Clarke, Cornell du Houx, Dill J, Driscoll, Duchesne, Eves, Flemings, Fredette, Gilbert, Goode, Graham, Hanley, Harlow, Haskell, Hayes, Herbig, Hinck, Hogan, Hunt, Kent, Kruger, Kumiega, Lajoie, Longstaff, Lovejoy, Luchini, MacDonald, Maloney, Martin, Mazurek, McCabe, Morrison, O'Brien, Peoples, Peterson, Pilon, Rankin, Rochelo, Rotundo, Russell, Shaw, Stevens, Stuckey, Theriault, Treat, Tuttle, Valentino, Wagner R, Webster, Welsh.

ABSENT - Dion, Innes Walsh, Priest, Wintle.

Yes, 81; No, 65; Absent, 4; Vacant, 1; Excused, 0.

81 having voted in the affirmative and 65 voted in the negative, 1 vacancy with 4 being absent, and accordingly the Majority Ought to Pass as Amended Report was **ACCEPTED**.

The Bill was **READ ONCE**. Committee Amendment "A" (H-429) was **READ** by the Clerk and **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 "A" (H-429)** and sent for concurrence.

Reference was made to Bill "An Act To Protect the Privacy of Persons Involved in Reportable Motor Vehicle Accidents"

(H.P. 865) (L.D. 1167)

In reference to the action of the House on June 7, 2011 whereby it Insisted and Asked for a Committee of Conference, the Chair appointed the following members on the part of the House as Conferees:

Representative CEBRA of Naples

Representative GILLWAY of Searsport

Representative NASS of Acton

ENACTORS

Emergency Measure

An Act To Protect Public Safety in the Operation of Casinos

(H.P. 473) (L.D. 643)

(C. "A" H-547)

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. 124 voted in favor of the same and

0 against, and accordingly the Bill was **PASSED TO BE ENACTED**, signed by the Speaker and sent to the Senate.

Emergency Measure

An Act To Permit Public School Online Learning Programs To Accept Nonresident Tuition Students

(H.P. 698) (L.D. 938)

(C. "A" H-537)

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. 126 voted in favor of the same and 3 against, and accordingly the Bill was **PASSED TO BE ENACTED**, signed by the Speaker and sent to the Senate.

Emergency Measure

An Act To Implement the Requirements of the Federal Nonadmitted and Reinsurance Reform Act of 2010

(H.P. 993) (L.D. 1352)

(C. "A" H-543)

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. 121 voted in favor of the same and 0 against, and accordingly the Bill was **PASSED TO BE ENACTED**, signed by the Speaker and sent to the Senate.

Emergency Measure

An Act To Provide for a Method To Remove an Elected Municipal Official

(H.P. 1125) (L.D. 1533)

(C. "A" H-480)

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

The SPEAKER: The Chair recognizes the Representative from Eagle Lake, Representative Martin.

Representative **MARTIN**: Thank you, Mr. Speaker. Mr. Speaker, Members of the House. If you read the Committee Amendment that's attached to this bill, it gives a very specific reason under which recall can be made. The question I would have, there are a number of communities that already have recall in this state and the question is whether or not this is going to eliminate their ability to do recall the way they want to, because this recall specifically says basically that it is only when and it can only occur when, if the official has been convicted of a crime, the conduct of which occurred during the official term of office and victim of which is the municipality. Under recall, presently allowed by those communities that have recall, it is for whatever purpose anyone wants to do recall for. So the question I would pose is whether or not this is not going to limit the ability of communities in the rest of the state that have recall. Mine do not. I don't particularly care. I don't support recall, but whether or not this is not perhaps going to be a problem for those communities that have recall.

The SPEAKER: The Chair recognizes the Representative from Chelsea, Representative Sanderson.

Representative **SANDERSON**: Thank you, Mr. Speaker, and I'd like to thank the Representative from Eagle Lake for the question. No, this is not a mandate nor does it replace any ordinance or charter that a town may already have. Our municipalities are governed under their home rule clause. They can enact their own charters, which may have a recall ordinance,