

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

Senate Legislative Record
One Hundred and Twenty-Fifth Legislature

State of Maine

Daily Edition

First Regular Session
December 1, 2010 to June 29, 2011

Pages 1 - 1494

consequence. I really think it is an issue that we should think about carefully before we pass this bill. Thank you, Mr. President.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Dill.

Senator **DILL:** Thank you Mr. President. Men and women of the Senate, I had hoped to circulate an editorial that appeared in the New York Times on April 26, 2011, but I was not allowed to. Had you received it, you would have seen that in that editorial a fact was cited. A survey by the Brennan Center for Justice at the New York University School of Law found that 11% of citizens, 21 million people, do not have a current photo ID. That fraction increases to 15% of low income, voting age citizens, 18% of young eligible voters, and 25% of Black eligible voters. I share that with you because I think it kind of underlines the problem here. I'd also just like to respond to this notion that because we have to show IDs at other places that it's a good idea to have to show an ID in order to vote. It really boils down to your fundamental notion of freedom, Mr. President. You may believe, when you are in the airport, that you are safer because you waited in a long line and showed your ID to the security. I, personally, don't. I don't believe, as Americans, that it serves us well to have policies that make us think that we are safer when we're not. As we all know, the terrorists that have attacked our country, for the most part, had IDs and showed them. That didn't prevent the problems. If you believe, as a society, that freedom in America means having to prove your identity with some sort of identification I just disagree with you. I think that if freedom and liberty mean anything it's being able to show up in your community where you are known to cast your vote and not have to prove with government issued paperwork that you are a citizen. I wish that I had been able to share this editorial with you. If anyone's interested in seeing it, I'm happy to make a copy available. Thank you, Mr. President.

THE PRESIDENT: The pending question before the Senate is the motion by the Senator from Penobscot, Senator Farnham to Accept the Majority Ought to Pass as Amended Report. A Roll Call has been ordered. Is the Senate ready for the question?

The Chair noted the absence of the Senator from Sagadahoc, Senator **GOODALL** and further excused the same Senator from today's Roll Call votes.

The Doorkeepers secured the Chamber.

The Secretary opened the vote.

ROLL CALL (#237)

YEAS: Senators: COLLINS, COURTNEY, FARNHAM, HASTINGS, MARTIN, MASON, MCCORMICK, PLOWMAN, SAVIELLO, SHERMAN, SNOWE-MELLO, THIBODEAU, THOMAS, WHITTEMORE, THE PRESIDENT - KEVIN L. RAYE

NAYS: Senators: ALFOND, BARTLETT, BRANNIGAN, CRAVEN, DIAMOND, DILL, GERZOFSKY, HILL, HOBBS, JACKSON, KATZ, LANGLEY, PATRICK, RECTOR, ROSEN, SCHNEIDER, SULLIVAN, TRAHAN, WOODBURY

EXCUSED: Senator: GOODALL

15 Senators having voted in the affirmative and 19 Senators having voted in the negative, with 1 Senator being excused, the motion by Senator **FARNHAM** of Penobscot to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED** Report, in concurrence, **FAILED**.

The Minority **OUGHT NOT TO PASS** Report **ACCEPTED**, in **NON-CONCURRENCE**.

Sent down for concurrence.

The Chair laid before the Senate the following Tabled and Later (6/9/11) Assigned matter:

HOUSE REPORTS - from the 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

Majority - Ought to Pass as Amended by Committee Amendment "A" (H-429) (7 members)

Minority - Ought to Pass as Amended by Committee Amendment "B" (H-430) (6 members)

Tabled - June 9, 2011, by Senator **WHITTEMORE** of Somerset

Pending - **ACCEPTANCE OF EITHER REPORT**

(In House, June 8, 2011, the Majority **OUGHT TO PASS AS AMENDED BY COMMITTEE AMENDMENT "A" (H-429)** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-429)**.)

(In Senate, June 9, 2011, Reports **READ**.)

Senator **WHITTEMORE** of Somerset moved the Senate **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED** Report, in concurrence.

On motion by Senator **ALFOND** of Cumberland, supported by a Division of one-fifth of the members present and voting, a Roll Call was ordered.

THE PRESIDENT: The Chair recognizes the Senator from Kennebec, Senator Katz.

Senator **KATZ:** Thank you Mr. President. Men and women of the Senate, first of all I want to thank the good Senator from Knox, Senator Rector, who supplied me, and many of us, with these

ties. I understand I have the honor of wearing the first tie that the Senator from Knox, Senator Rector, ever owned.

Mr. President, I rise in support of the pending motion. For me, this bill comes down to two questions; do we believe in transparency or secrecy? Do we believe in competition or monopoly? I think of my hometown of Augusta and our city government and our school department. For our city employees, municipal government has great insurance through the Maine Municipal Association insurance plan. For our teachers and our school system, we're insured through the Maine Education Association Benefits Trust. Our city is not forced to buy insurance through Maine Municipal for our city employees. We're not forced to continue to buy our insurance through the Maine Municipal Association. Our school board is not required to buy its health insurance through MEA. Our school board is not required to continue to buy its health insurance through MEA, kind of. Why kind of? Because for the MEA Health Trust it's a lot like the Eagle's song *Hotel California*, you can check out any time you want, but you can never leave. Why is that? It's all about transparency versus secrecy, competition versus monopoly.

Let's go back to my city employees in my home city of Augusta. You might want to be thinking about your own city employees, or town employees, in your own district. This afternoon our City Manager, Bill Bridgeo, could make the short trip from City Center up by the Civic Center to the MMA, the Maine Municipal Health Trust office. He could walk in and he'd be met by very friendly workers. He'd say, "You know, we're thinking of bidding out our city worker health insurance. I'd like to get our claims data so one of your competitors can review it and give us a quote." What would happen next? He'd be offered a place to sit down, probably a nice comfortable chair, and a cup of coffee. Then they would go out back and they would copy Augusta's claims data and they would give it to him. The City Manager could then use that to shop around and see if there was a better deal for the City of Augusta from some other insurer, a better deal that might save Augusta's property tax payers hundreds of thousands of dollars. Let's imagine that the same afternoon our school superintendent wants to do the same thing. She'd get in her car and she'd drive to the MEA Health Trust which, by the way, is about 100 yards away from the Maine Municipal Offices. She'd walk in and I'm sure she'd be met by an equally nice person who would also offer her a nice place to sit and a cup of coffee. When she asks for the claims data for the Augusta School System so that she might be able to shop for a better rate for teachers, she would be politely told, "No, you are not leaving with your own claims data, your own claims data, because we're not going to give it to you." If any of your superintendents in your RSUs or SADs or school districts made the same inquiry you'd be given the same answer. These school districts are the customers of the MEA Trust who only want to access their own claims information for their own teachers and the Trust won't give it to them. It's just like the Wizard of Oz, don't ask to look behind the curtain because you can't. Compare the transparency of the Maine Municipal Association with the respect to city employees with the brick wall of the MEA. Sure, our school board can still go to other companies and solicit bids for our teacher's health insurance contracts, but, here is the dirty little secret, without claims data no school system is ever going to get a favorable rate. The potential insurance company competitors have to assume the worst and the only contract you'll get without your own claims data is one you'll pay through the nose for. The result is, if your SAD or RSU is in the MEA Trust,

you can check out but you can never leave. Keep in mind we are talking about property tax payer's dollars here. This complete lack of transparency, the inability of local school districts to be able to access their own data, allows the MEA Trust to maintain its monopoly, which is just what it wants.

We're a small state. We're a relatively poor state. Yet the MEA Health Trust is the largest such organization, not only in Maine, not only in New England, but in the entire east coast. MEA just doesn't discourage competition, they eliminate it. One plan, one cost, that's all the school districts have to choose from. It's a pretty sweet deal and it's a deal that allows the Trust to get a multi-million dollar rebate every year; rebates that go to one of three places. First, the rebates go to pay down the rates. This is good, but it suggests that perhaps premiums are too high in the first place. Second, the rebates go to the Trust itself. Keep in mind, they are not self-insured. They pay premiums to Anthem. Yet this Trust is now growing a fund balance, of which, a few months ago, was \$87 million. Let's put that in perspective. That's over three times as much as we have in the entire Maine Stabilization Fund, our Rainy Day Fund for the State. It's more than we pay for the entire biennium to all of towns and cities for revenue sharing. Let's not forget where that money comes from. It comes from property taxes, property tax payers in my home town and your home town. I pay for it. You pay for it. Your neighbors pay for it. The Trust has grown from \$60 million just a few years ago to \$80 million to \$87 million, although it's been paid down recently. That's only two places where the money goes. There is a third. Let's talk about that third. The MEA Trust pays the Maine Education Association itself almost \$1 million a year for "administrative expenses". It's up about 50% very recently. Transparency versus secrecy. Competition versus monopoly.

You'll hear from opponents that if you vote for this the sky is going to fall and the free world as we know it is going to come to an end. Don't look behind the curtain. Pay no attention to that man, because, God forbid, you ask to have access to your own hometown claim information. If you do, the sky will fall. This is going to turn into a North versus South and into an urban versus rural debate. You'll hear the wealthy suburban areas that are younger and healthier will get better deals elsewhere and leave the MEA Trust. Over a period of time the Trust will be left only with districts with older and sicker teachers. Rates will skyrocket and the Trust will fall apart. There will be winners and losers, pitting one district against another, one part of the state against the other. Forget that there is no evidence that demographics of teachers in various school districts are really that different. Forget that just for the moment. The argument does seem to make some sense. It does seem like a risk.

Do we have any other model to look at to see if that would actually happen? Would the sky really fall? Yes, we do have a model and we don't have to look any further than a couple hundred yards up from MEA to answer that question. Again, it's the Maine Municipal Office. Remember, that's the place where any town or city can go and get its claims data for its city employees and show around for a better rate. What's their experience? Well, the fact is they put together an excellent product, and series of products, and they rarely lose members. They give out their claims data to their members. The City of Augusta can shop anywhere they want with that claims data. Yet, the Maine Municipal Association continues to hold well over 90% of market share among its members. Why? Because MMA is not afraid of competition and they know that if they do a good job they can win. They are winning and they are transparent and they are

open to competition and everyone benefits. Do some towns pay more and some pay less? Yes, but that's the essence of the American system of competition. It's a powerful word and competition can lower prices for everyone. Will small districts be left twisting in the wind? No, because this law, L.D. 1326, specifically allows them, the small districts, to join together with other districts, and actually even with other municipalities, to get to their critical mass so that they will have the bargaining strength to negotiate a low rate. That's what cooperation and competition, not monopoly, is all about. Keep in mind that passage of this bill will not force anybody who is currently a member of the MMA Trust to look for insurance elsewhere, but it gives your SADs and your RSUs the local option to do so if they want to.

We beat up on towns and cities here recently. We're funding municipal revenue sharing at about 30% less than what our law calls for. Let's be honest with ourselves, we've solved some of our problems here by passing some of them down to our hometowns, putting increasing burdens on our local property taxes. For local school districts, health insurance costs can be 14%, 15%, or more of their total school budgets. Our school boards and our superintendents are frustrated. They are begging us to give them a chance to lower these health insurance costs. They are saying to us the obvious, that millions and millions and millions of local taxpayer money now goes to a closed monopoly with no transparency. If there are two principles which I suggest should be the prism for us to judge as we make public policy, it might be these; when we're talking about public dollars, we have the absolute right to see how those dollars are spent and access to our own information. Secondly, the competition, fair and open competition, is the American way; not a monopoly and concentration of power. Our health insurance costs are going up and up. They are eating up larger and larger parts of our school budgets. This is a bill that our school boards want, that our local towns want, and that we should want. Thank you, Mr. President.

THE PRESIDENT: The Chair recognizes the Senator from Penobscot, Senator Schneider.

Senator **SCHNEIDER:** Thank you Mr. President. Men and women of the Senate, this is not my area of expertise, so once again I had to educate myself and I'm still doing so. I actually do believe in competition. I don't like monopolies. The previous speaker just compared, from my perspective and I think from many other people's perspectives, apples and oranges. I want to explain to you why. Maine Municipal actually does end up, in essence, pitting communities against each other in the sense that when they allow that data some communities win and some don't. In other words, some are higher and some are lower, the costs. Also Maine Municipal doesn't cover the retirees. That's a huge difference.

The other thing is that we're talking about this pool of funds as if it's play money. That's not the case. That money is used to buy down rates while many have seen double digits, and we all know about that because we've seen the double digit increases in insurance rates. I want to share with you what the Maine Education Association Benefits Trust has done. Their rate increase from 2008 to 2009 was only 4%, from 2009 to 2010 was zero, 2010 to 2011 was 2%, and 2011 to 2012 was 6.5%. The reason why they've been able to do this is they've had the pool of funds to buy down these huge increases. The management of this particular trust has been very well done. It sounds just wonderful to open this up. Actually I thought maybe that was a

great thing. Upon further investigation, what my sense is, and what will probably happen, that you will have some communities, if they were to get individual data, that will win and some won't. The older communities that are more rural will certainly lose. The more densely populated ones that are younger won't. That's a very real thing. Of course, in addition to that, when you talk about municipalities versus 70,000 educators there is an issue of reliability and dependence. I don't think we should be playing roulette with these people's healthcare costs, especially given the fact that we have no idea what the result will be of this. That's a real concern of mine and the reason why I've heard from people on both sides of this issue. Right now we're in the process of doing something to educators which is significantly going to change and impact their cost of living and what we pay to them in this next budget. I think any more unpredictability is really not the direction we want to be going in right now.

We have a reinsurance pool built into L.D. 1333. This has essentially its own reinsurance pool, that's Benefits Trust. That is essentially what they do. They offset high healthcare costs with this pool, with this fund. I think that this is a mistake right now. I also just want to share with you side by side, at least with the monthly rate, from a comparison of what the Maine Education Benefits Trust monthly employee rate is versus the State of Maine monthly employee costs. It's \$538.97 for Maine Education Benefits Trust and \$727.54 for a State of Maine employee. That's a significant decrease in cost. It was not necessarily my intent to get up and speak in opposition to this, but I am very concerned about allowing this to go through and how this will, once again, upset the apple cart.

The other thing I wanted to mention was this notion that communities can't leave. They absolutely can leave. Nobody is holding them to stay in this plan at all. They will, Maine Education Benefits Trust, share data of their entire group. When you talk about a municipality breaking off it is different than the entire group. Why would you want to have people be cherry picked out from an entire group? I certainly would not. That's what could happen. The whole reason why they get these advantages is because they are a large group. In short, if we did go forward with this, if I were an insurance company what I would do is I would offer what is probably a sweetheart deal for maybe a couple of years and then just have the rates go up substantially after that. It undoes the Benefits Trust, which I don't think will advantage our educators in the long term at all. I would hope that you would consider especially the retirees piece, because I think that is a major difference between Maine Municipal and ME Benefits Trust. That's our older population in that group. I think this is a terrible mistake. I know it sounds really wonderful, but there are unintended consequences of moving forward with this bill and I hope that you would consider that. Thank you very much.

THE PRESIDENT: The Chair recognizes the Senator from York, Senator Sullivan.

Senator **SULLIVAN:** Thank you Mr. President. Men and women of the Senate, first, I'm not allowed to use props here, so I decided add to my noose and to put this on. I took it off originally. I was dared, by the way, to wear this before this esteemed Chamber. I took it off because I didn't want it to clash with the noose. I put it back on because I think it's really important as we begin to talk about the subject. It is not new. My first time here in the other Body, 13 years ago, this was up. It was brought forth

then, it's been for four years that I can think of, and one of the people was the former Representative and Senator Mayo. Let me talk a little bit. First, I would disagree with the good Senator from Kennebec, Senator Katz. The customers are not the municipalities of the MEA Trust. The customers are the teachers. In my 28 years, officially ended now, of teaching, I have had absolutely none of the rights that most people have in making their plans for their future. I'm not allowed to draw Social Security. I have my 40 quarters that I need and then some, so I'm not allowed to pick my retirement. In fact, my retirement is controlled by the retirement pension. You have, being the State of Maine and the Legislature, have changed that several times, none of them to my advantage. None of them to try to make sure that my family, after working and dedicating myself to the most important resource that Maine has, its young people, the people you want to keep here. Nobody really cared what happened at the end of 28 years, or at the end of 37 years, as it was with the teacher with which I celebrated Friday night. I don't even have the choice to pick insurance carriers. I'm told what to pick. Fortunately, that is the one thing that was good for us because the one thing that worked very well was my insurance. It was the one thing that allowed me to make it and to survive, my husband and I, through the years.

Let's talk about that. First of all, unlike your song that you heard, you can leave the MEA Benefits Trust. What you can't do is get back in it because they take all the teachers, those healthy 23 year old people coming out of college and the old 62 year old people waiting to leave or have left. They put them in one big group and then they find a premium for them. Now, when you ask to see what they have you're going to see all of the teachers that are in the plan in the state of Maine. Yes, the school system takes a risk. They take a risk that a school like mine, just the middle school, would not have four major cancers catastrophic in one year. None of the rates went up any more than the rest of the rates even though that was my school in one year. It truly keeps the rates down. We reinvest the money, that savings, back in so we can buy those rates down because not only do the rates affect the municipalities they also affect the teachers. Very few schools can you go to now and find out that your insurance is totally free. That was not true 28 years ago when I started there. We pay more and more and if the rates go up for insurance then our contract wages go down. Don't tell me that doesn't happen in the private world. Yes, it does. If you are getting a bigger fringe benefit package you're going to be off set by wages. You've frozen COLAs here. You've done everything. Yet you want teachers to come in. You want better qualified teachers. I have sat through 13 years of hearing the teachers bashed one way or another. It hurts after a while. You can leave. You can get yours. I heard the good Senator from Penobscot, Senator Schneider, say they will cherry pick. They will give you a sweetheart deal if you happen to be a school system, especially a small one and maybe 20 teachers. Remember, this is done as a whole group. All the teachers belong, not sorted out any other way. They go and they have a great experience record. MMA, or anybody else, goes to them and says, "We're going to insure you and look what we're going to save you." The next year, three of those cases of cancer. By the way, asbestos was used in schools. We know that. We have a larger rate of breast cancer among teachers than any other group going. Many people say it's asbestos. We can't prove it. Those three cases become catastrophic and guess what? Your municipality will be paying triple or quadruple the next time. If you don't think it's true,

Sanford is not insured by us. They left to get a better deal. They do not carry the MEA Benefits Trust. You don't have to be in it.

I think it's time, if you want smaller government, to let the teachers, a whole group of people, have some say in their future. Because we found a system that works and we're willing to put money into it, I don't know why you all want to get your hands on it. After a while, you talk about getting into people's pockets. I really think if you go back and you allow your little communities to do this, and to be judged on just the number of teachers in your community, it will change in the years, as your teachers get older. It will change. I guarantee you. I would go back to; what are you going to offer your teachers for retirement when they are done teaching? The Senator is correct. There is no retirement on the municipality side. Your retired teachers are going to leave their jobs and have no way to get insurance. Maybe they can do MaineCare. That is the truth. For some of you on the other side of the aisle, I see looking a little perplexed, I'd be happy to share this afterwards with you, about how it works. I've been there. I've lived it. I know it. At 62 I thought I'd have some choices in my life about retirement and about insurance and about Social Security. Every time I turn around I find out I don't. I'm told over and over again that I teach the most important resource Maine has, our young people, and yet I have no say and I have no future when I'm done. It's amazing. This is not a new idea. Every time money gets tight it becomes the way. Let's go after a system that works. Let's go after what the teachers have put together and they take care of their own, even after they retire. Thank you, Mr. President.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Sherman.

Senator **SHERMAN:** Thank you Mr. President. Ladies and gentlemen of the Senate, I have a few questions. I must say, I'm in the odd situation of agreeing with the Senator from York and the Senator from Penobscot. Maybe it's because we were on the committee together and she's changed my mind about certain things. That's really not the case. I'm a retired teacher, among other things. If I may, I'd like to direct a series of questions towards anyone who would care to answer.

THE PRESIDENT: The Senator may pose his question.

Senator **SHERMAN:** Thank you Mr. President. I did hear a lawyer-like presentation from the Senator from Kennebec. I would certainly like to have him as my attorney if I wanted to go scot-free on some things. My question is; does he have any understanding, and he probably does, of what an insurance trust is all about, which is what the Maine Teacher's Association, or MEA, for me it's always MTA? Can I go down to the Maine Municipal Association and see the cost of the family plan and what's covered by the family plan? Can I go down to the Maine Municipal Association and look at the individual plan and what is covered by those plans? Does the reserve fund meet state standards, which is 25% reserve fund? That's what you are talking about when you're talking about the \$89 million. There is a minimum amount there too. I think it's about 15%. Is the reserve fund sufficient in the Maine Education Association piece? Can I see the family plan? Do you know what a insurance trust is? What does an individual plan look like? What's covered by that plan? The administrative fee that is dealt with for the Maine Municipal Association and the administrative fee that relates to

the Maine Education Association. I'll sit down and let the good Senator, attorney, work his magic.

THE PRESIDENT: The Senator from Aroostook is reminded that one directs a question through the Chair to anyone who may wish to respond. The Senator from Aroostook, Senator Sherman poses a series of questions through the Chair to anyone who may wish to answer. The Chair recognizes the Senator from Kennebec, Senator Katz.

Senator **KATZ:** Thank you Mr. President. In response to the question from the good former teacher from Aroostook, Senator Sherman, it's my understanding that the benefit structure of any policy sold by the Maine Municipal Association is absolutely available to any member municipality that may wish to ask. I don't know whether the administrative costs are available or not. There is nothing in this bill which would require MTA Health Trust or anyone else to provide administrative costs. That information was provided by them voluntarily. As to how much money the MEA should or should not keep in order to maintain its solvency, I don't know that. I'm not an actuary. I do know this, Senator, in 2006 the reserve fund was \$57 million. It then rose to \$60 million. It then rose to \$70 million, then to \$80 million, and then to \$87 million. I can't help but keep my eye on what I think is the ball here. That money didn't come out of thin air. That money came from property tax payers all over the state. Since when did competition become a dirty word? We have heard, Mr. President, that the sky will fall if this bill passes. That's why we should condone the status quo of secrecy and monopoly, even though the Maine Municipal Association doesn't do it and they keep almost all of their market share. There is nothing about this bill that is anti-teacher. Quite the contrary. What it is trying to do is to help our communities keep their health insurance costs under control so they can have money to be able to pay those very same teachers. Thank you, Mr. President.

THE PRESIDENT: The Chair recognizes the Senator from Cumberland, Senator Alford.

Senator **ALFOND:** Thank you Mr. President. Ladies and gentlemen of the Senate, it's difficult to throw ideas around with the good Senator from Kennebec, but I will because I think he has put out a couple of frames that I think could be conversation starters or enders, but I don't think they are really the part of the conversation and that we should be keeping our eye on the ball, as he just used. He introduced secrecy or transparency. He introduced competition versus monopoly. I'd like to introduce the frame of results, the bottom line. Let's look at the bottom line of what the MEA Trust has done for its members from Kittery to Fort Kent. Let's look at the rates that they have bought down over the past four years. How did they buy them down? We've already heard what the rates were, but how did they do that? Well, they paid \$12 million in 2008 - 2009, \$14 million in 2009 - 2010, \$17 million in 2010 - 2011, and will be putting in \$19 million in 2011 - 2012. This stabilization fund allows them to get that performance. Every business looks at their bottom line. Why are we treating the MEA Trust any differently? Their bottom line is that they are creating stable prices throughout the state of Maine. They are giving their group, their large group, the ability, no matter where they live, to get good rates. What is wrong with that? I see nothing wrong with that. Someone has mentioned today that any school district can get out whenever they want. In fact, some

school districts have. They went with New York Life and others. What happened after they went with New York Life and others? They very quickly retreated. They went back into the MEA Trust. Why? Because of performance. Performance and the bottom line.

Let's talk about transparency. I believe this entire Legislature has been given almost the entire book of the MEA financial information. The MEA Trust has nothing to hide and they have been fully transparent with all of us. All session long there's been a lot of angst about the now \$69 million in the rate stabilization fund. Well, it's necessary for them to have it so they can buy down the rates. I've talked to you about what they've done; \$12 million, \$14 million, \$17 million, \$19 million. This is money that is not just sitting in some slush fund. This money is being used to buy down rates so they have stable rates no matter where you live. What is wrong with looking at the Trust's bottom line? Their performance. Nothing. That is the question I think this Body should be looking at, not about monopolies and not about transparency and not about competition. Let's look at their bottom line. That's the frame that I think we should be looking at.

I guess I'll end by saying businesses come and go. I think the MEA Trust has been here for a long time and will continue to stay here if we allow them to do what they've done so well for so many years. Why would we want to break that apart? Why would we want to allow groups of schools to just get all the information they need, for insurance companies to come in and throw teaser rates at those communities, keep them there for a couple of years, and, all of a sudden, one or two or some of their teachers get into a lot of health problems and their rates skyrocket. Then what are your taxpayers going to do? What are your local communities going to do then? The MEA Trust serves an important function. Their performance I would throw out with any performance in the state of Maine. Throw any other trust out there and they will go head to head with them because that is competition. The competition is the bottom line and they have delivered. I urge you all to defeat the pending motion. Thank you, Mr. President.

THE PRESIDENT: The Chair recognizes the Senator from Androscoggin, Senator Snowe-Mello.

Senator **SNOWE-MELLO:** Thank you Mr. President. Honorable members of the Senate, I stand here today in full support of the passage of L.D. 1326. L.D. 1326 is about providing health insurance options to school districts. Right now school districts pay up to 14% of their operating budgets for health insurance. School boards cannot negotiate down that price because the MEA Benefits Trust and its insurer, Anthem, have a lock on 98% of the school business of Maine. I felt that it was very important for you to know that. This bill is about opening up competition in a \$400 million school health insurance market that is currently controlled by the MEA Benefits Trust. If we open up that business school districts can at least compare plans to bring down insurance rates. Nobody else can bid on that business right now because the MEA Trust won't even release claims data. I think that's already been said, but it's a good thing to repeat. They won't release the contract they have with Anthem even though the money that pays for school health insurance is taxpayer money. I think that's very important for us to understand here, while we're listening to the debate. This is taxpayer money. In the private sector claims data is released so businesses can get competitive bids. The Maine Municipal Association, which

insures cities and towns, releases claim data. Why won't the MEA Trust? Are they trying to protect the assets that the good Senator from Kennebec, Senator Katz, mentioned before? Early this year we passed some landmark legislation to open up competition of the private insurance market. We heard the same argument then as we're hearing now, that this legislation will hurt rural Maine. People are looking for lower rates. They are not looking for predictability. They are just not. They want lower rates. I'll tell you what's hurting rural Maine and every other school district in this state. It's escalating health insurance costs that are eating up close to 14% of school operating budgets. If we don't do something now nothing will change and rates will continue to go higher. In fact, despite having reserve funds of \$87 million, the MEA Benefit Trust is raising rates on school districts this coming year by 6.5%. Is this the right direction that we need to go? I think not. I think our taxpayers at home think not also. Bringing down costs will help us all. Remember, it allows it to happen, it doesn't mandate it. I say yes to our local school boards and yes to helping out the taxpayers. With this legislation, we have the opportunity to let them look to better solutions and more affordable health insurance policies for their employees. It may not be a new idea, but it is an idea that I believe is ready to come to fruition. Please remember that \$300 million a year in taxpayer money is spent on health insurance for teachers and other school staff. Health insurance consumes, like I said, 14% of school district budgets. Two school districts estimate savings of between \$300,000 and \$400,000 if they can insure with someone other than MEA Trust. The MEA Teachers Union received \$901,796 from the MEA Trust in 2010 and \$516,000 in 2009 for administrative service fees. That's a 74% increase in one year. For what? Teachers will not be forced out of the MEA Trust because in L.D. 1326 says, "If the Trust is named in the contract it will have to be negotiated." I say stand with those of us who strongly support L.D. 1326. We have to do something and I think the time is now. Thank you.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Jackson.

Senator **JACKSON:** Thank you Mr. President. Ladies and gentlemen of the Senate, I won't be long. We started this conversation with a thought of the Eagles and Hotel California. I do remember that song when I was a younger person. I liked it. I never really understood that line; that you can check out anytime you want but you could never leave. I did like it, but as I got older I kind of switched my genre and now I'm more on stuff like Ozzie Osborne. I think we're talking about Crazy Train here. There is actually a line in there that talks about, "Crazy, I just cannot bear, I'm living with something that just isn't fair." I think it is kind of what is happening in this regard. From what I understand, if you're the district, if you are the school board members, you can go out and negotiate with any insurance company currently. The good Senator from York, Senator Sullivan, being a teacher, did a real great job, I think, on talking about all the inequities and all the things that are wrong and the problems with teachers. The best thing that teachers have going for them is their health insurance benefits plan. I can't fault them for that. I can't be upset with them for that. They don't get paid well. They are not treated very well, as far as what type of pay they get. For the most part, they know that they are going to have decent health insurance. Honestly, most of the people in my area really strive to get jobs in the school district. Many times it's not for the pay, it's for the

health insurance benefits. I have a number of people where the wife is working at a very menial paying job, but she gets health insurance at the school district and it's a lot cheaper than they could buy on their own. I think it's working quite well in the fact that it's overall cheaper than anyone can get health insurance for. In the rare instance that it isn't cheaper, that school district can go ahead and go out and negotiate for one already. They can do that. I'm not sure why the MEA would have to go ahead and do all the work it would take to do the experience ratings for each district and turn around and hand that to a competitor. What other business does that and says, "Here, I'll show you what my actual costs are and you go ahead and cut my throat by getting a cheaper rate." I don't see that working anywhere else. You'd have to spend what money you are getting to do all the experience rating and then turn around and hand it to a competitor. They give you the overall experience rating. The people can go out and negotiate for a cheaper rate already. All this bill does is make them work even harder at trying to, what I would say and like it's already been said, cherry pick the school districts that have the best experience ratings. It's only experience rating for that time. Nothing is said about a couple years later, like it's already been mentioned, when a couple of people get cancer or something like that and it blows the rating through the roof. Then what are they going to do? They are going to come crawling back to the MEA to get back in that Trust Fund, which is only going to make it even worse for those that are in there. I really honestly don't see a problem. With health insurance we're talking about getting into a big group so that you can get a better rating. That's exactly what this Trust Fund has done. It's lowered the rating, lowered the cost. I know that health insurance costs for our school districts are high. It's high for everyone. We've already talked about it in here a number of times. We have a problem. I would say that one place that, it's not cheap, is cheaper in the school districts. I think they've done a good job managing it and I think they've kept the costs as low as possible. I'm not in favor of blowing that up. I'm not in favor of school districts being cherry picked and then being able to come back in later on. I'm not in favor of this all going to pieces for teachers.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Sherman.

Senator **SHERMAN:** Thank you Mr. President. Ladies and gentlemen of the Senate, I truly won't prolong this. If you're talking songs here, I go back to Blue Suede Shoes, some of you may remember Edie Arnold many years ago and it's probably not much help in this quest. I do like poetry and we all know Robert Frost's line. He wrote, "Two roads diverged in a yellow wood, and looked down one as far as I could to where it bent in the undergrowth." Then, of course, he took the wrong road because he said he was telling this story with a sigh seven years hence because that road had made all the difference. I do have a question in there, if I may, to anyone.

THE PRESIDENT: The Senator may pose his question.

Senator **SHERMAN:** Thank you Mr. President. The question is, and it goes back to the Benefits Trust, I heard, I don't know who it was because I was talking to my seatmate about squirrels, I think, the fact that the rate stabilization fund had gone up tremendously. I didn't catch the date, two thousand and something. If the rates

are going up at 6%, you have to keep that stabilization fund trailing up there, so it is entirely logical, in my mind anyways, that the rate stabilization fund would have to increase because there are two parameters here. One is that you've got to keep 15% in the stabilization fund. Someone in the back row here, about an hour and a half ago, said some of these funds are supposed to keep 25% and that is the number that I don't know is true or false. If anyone would care to tell me, with inflation, if the rates have gone up 6%. It's been four years. That's a 24% increase, in my mind, in the rate stabilization fund.

THE PRESIDENT: The Senator from Aroostook, Senator Sherman poses a question through the Chair to anyone who may wish to answer. The Chair recognizes the Senator from Kennebec, Senator Katz.

Senator **KATZ:** Thank you Mr. President. I can tell you that between the years 2006 and 2010 the fund went from \$57 million to \$87 million. I don't have my calculator, but I sense that is much more than inflation. Lastly, I'd say to anybody who may still be undecided on this issue, I just want to say that I tried to use a quote from a good, wholesome American band. The Senator from Aroostook, Mr. President, has used a quote from Ozzie Osborne, who once bit off the head of a live chicken on stage. We can make up our own minds.

THE PRESIDENT: The Chair recognizes the Senator from Aroostook, Senator Jackson.

Senator **JACKSON:** Thank you Mr. President. Ladies and gentlemen of the Senate, I'm not sure, but I believe it was a dove. I'm not going to hold that against it. It was a good song anyways.

THE PRESIDENT: The Chair recognizes the Senator from Lincoln, Senator Trahan.

Senator **TRAHAN:** Thank you Mr. President. Ladies and gentlemen of the Senate, I feel a dying need to stand for those that are still undecided and just tell you that, "I'm stuck in the middle with you." In all seriousness, this has been an issue that has troubled me greatly as to the proper way to vote on this issue. I have really come to a conclusion, in my mind, that it comes to two separate issues. The issue of releasing the ratings and the issue of how the administration is spending money from the Trust. I believe this bill is about 6 months premature. I'm going to offer up a different solution to this problem. I believe that OPEGA should do a rapid response review of the structure of the Trust and how the administration has spent the money. I think if you did that, as a matter of fact, I'll go on the record right now and say that if you did that and next year, if it is shown that districts are not going to be put in significant harm and that administration was spending improperly, I would support this bill. At this point, I have said all session long that I was going to be against this bill. As of yesterday, after hearing concerns around transparency, I move to the middle and was undecided. I'm going to tell you what my intentions are. I'm going to vote against this bill and then I'm going to rise and move this bill back to committee in hopes that we can do a rapid response review, take a look at this program, and, with genuine intent, if there is a problem I will support this bill when we come back in January. I know that disappoints some of you and makes some of you happy. It doesn't make me feel very

good at all, but sometimes we have to make tough decisions and I will make one today. Thank you.

On motion by Senator **COURTNEY** of York, **TABLED** until Later in Today's Session, pending the motion by Senator **WHITTEMORE** of Somerset to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED** Report, in concurrence. (Roll Call Ordered)

The Chair laid before the Senate the following Tabled and Later (6/8/11) Assigned matter:

HOUSE REPORTS - from the Committee on **TAXATION** on Bill "An Act To More Closely Coordinate the Classification of Forested Farmland under the Farm and Open Space Tax Laws with the Maine Tree Growth Tax Law"
H.P. 400 L.D. 507

Majority - **Ought to Pass as Amended by Committee Amendment "A" (H-573)** (11 members)

Minority - **Ought Not to Pass** (1 member)

Tabled - June 8, 2011, by Senator **ALFOND** of Cumberland

Pending - motion by Senator **TRAHAN** of Lincoln to **ACCEPT** the Majority **OUGHT TO PASS AS AMENDED** Report, in concurrence

(In House, June 8, 2011, the Majority **OUGHT TO PASS AS AMENDED** Report **READ** and **ACCEPTED** and the Bill **PASSED TO BE ENGROSSED AS AMENDED BY COMMITTEE AMENDMENT "A" (H-573).**)

(In Senate, June 8, 2011, Reports **READ.**)

On motion by Senator **TRAHAN** of Lincoln, the Majority **OUGHT TO PASS AS AMENDED** Report **ACCEPTED**, in concurrence.

READ ONCE.

Committee Amendment "A" (H-573) **READ** and **ADOPTED**, in concurrence.

Under suspension of the Rules, **READ A SECOND TIME** and **PASSED TO BE ENGROSSED AS AMENDED**, in concurrence.

Off Record Remarks

RECESSED until the sound of the bell.

After Recess

Senate called to order by the President.
