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Legislative Document

No. 645

S.P. 236

In Senate, February 26, 2013

An Act To Allow the Adjustment of the Assessment Rate for the Rural Medical Access Program

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 204.

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator WHITTEMORE of Somerset.
Cosponsored by Representative FITZPATRICK of Houlton and
Representative: MONAGHAN-DERRIG of Cape Elizabeth.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 24-A MRSA §6305, sub-§3**, as enacted by PL 2005, c. 122, §7, is
3 amended to read:

4 **3. Assessment rates; program fund balance.** For assessment years prior to July 1,
5 2006, the assessment is 1.25% of premium. For assessment years commencing July 1,
6 2006 and after, the assessment is ~~.75%~~ 0.75% of premium unless adjusted pursuant to ~~this~~
7 ~~subsection~~ rules adopted in accordance with subsection 4. The assessment rate is
8 intended to result in collections no greater than \$500,000 per assessment year. ~~When the~~
9 ~~program fund balance is \$50,000 or less, the assessment rate must increase to 1% of~~
10 ~~premium. When the program fund balance is more than \$50,000, the assessment rate~~
11 ~~must decrease to .75% of premium.~~ The superintendent shall notify affected parties of
12 any assessment rate adjustment and the effective date of that adjustment.

13 The program fund balance may be used to pay assistance to qualified eligible physicians
14 in prior years for which there were insufficient funds. If all prior years' eligible qualified
15 physicians have received assistance, any excess funds must be carried forward to
16 subsequent plan years as part of the program fund balance. Excess funds must be applied
17 first to the assessment year commencing July 1, 1998 and then to each successive
18 assessment year.

19 For the purposes of this section, "program fund balance" means the total funds collected
20 in excess of assistance paid for all years.

21 **Sec. 2. 24-A MRSA §6305, sub-§4** is enacted to read:

22 **4. Establishment of assessment rate by rule.** The superintendent may adopt rules
23 pursuant to section 6311 establishing an assessment rate or a methodology for calculating
24 an assessment rate designed to provide an adequate and reliable funding source for the
25 program and allow for the orderly and prudent drawdown of any long-term fund balance
26 in excess of reasonable program needs. The assessment rate may not result in expected
27 collections exceeding \$500,000 per assessment year and may not exceed 0.75% of
28 premium unless the program fund balance is \$50,000 or less, in which case the
29 assessment rate must be set to a higher rate but may not exceed 1% of premium.

30 **Sec. 3. 24-A MRSA §6311**, as enacted by PL 1989, c. 931, §5 and amended by
31 PL 2003, c. 689, Pt. B, §7, is further amended to read:

32 **§6311. Rules**

33 The superintendent and the Commissioner of Health and Human Services may adopt
34 rules in accordance with the Maine Administrative Procedure Act to carry out this
35 chapter. Rules adopted pursuant to this section are routine technical rules as defined in
36 Title 5, chapter 375, subchapter 2-A.

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SUMMARY

Currently, the Rural Medical Access Program assessment rate is 0.75% of professional liability insurance premium, which results in annual revenues in excess of annual costs. This bill authorizes the Superintendent of Insurance to lower the assessment rate by rule in order to allow for the orderly and prudent drawdown of excess funds not needed by the program.