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An Act To Provide Affordable Health Insurance for Municipal and School Employees through Competition

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

Sec. 1. 5 MRSA §285, sub-§1, ¶E-1 is enacted to read:

E-1. Any member of the Maine Municipal Association or the Maine Education Association and any employee of a school administrative unit or municipality if the school board or municipality elects to participate in the group health plan under this section;

Sec. 2. 5 MRSA §285, sub-§1-B, as repealed and replaced by PL 2005, c. 636, Pt. A, §1, is repealed.

Sec. 3. 20-A MRSA §1001, sub-§14, as amended by PL 2001, c. 588, §§8 and 9, is further amended to read:

14. Insurance purchase by competitive bidding. Except as otherwise provided by waiver, a school board shall oversee the purchasing of insurance by competitive bidding, including a school board in a municipal school unit in which school insurance and municipal insurance are purchased as a package through competitive bidding by the municipal government. On each insurance policy, a competitive bid must be sought at least once every 5 years. To take advantage of commercial package policies in the marketplace, a school board shall group qualifying lines of insurance into a single competitive bid process. Each policy secured by competitive bidding must be issued with a 3year policy term or, if this is not possible, a commitment for 3 one-year policy terms must be secured with an option for 2 additional one-year policy terms, subject to annual review and adjustment.

A. The requirement of competitive bidding may be waived by a school board when:

(1) In the opinion of the school board, an emergency exists that requires the immediate procurement of insurance. The emergency may include the premature cancellation of an existing policy or acquisition of a risk that can not be added to an existing policy, including the signing of a lease. However, at the next renewal of the policy, procurement of insurance is subject to competitive bidding;

(2) After reasonable investigation by the school board, it appears that the required insurance is procurable from only one source;

(3) It appears to be in the best interest of the school board to negotiate for the procurement of an excess insurance line; or

(4) The line of insurance is workers' compensation or an employee benefit such as life,or disability ~~or health~~ insurance in accordance with subsection 5;~~or. The requirement of competitive bidding may not be waived for the procurement of health insurance.~~

~~(5) The school board is in a municipal school unit and school insurance and municipal insurance are purchased as a package through competitive bidding by the municipal government.~~

B. A registry of bidders must be maintained by the school board. Invitations to bid or proposals must be sent to a registry of bidders on file with the school board. Insurance agents or brokers licensed by the Bureau of Insurance and risk pools authorized under Title 24A or Title 30A, chapter 117 desiring to have their names entered on a registry of bidders shall submit to the school board in writing a request for such action. The name of a bidder entered in a registry who fails to submit a bid on 3 consecutive proposals or invitations to bid may be removed from the registry at the discretion of the school board.

C. "Competitive bidding" means the following multistep process.

(1) At least 4 months before the expiration date of the policy for which bids are being solicited, a prequalification questionnaire, referred to in this paragraph as the "questionnaire," must be developed by the school board for the purpose of prequalifying bidders. The questionnaire must contain at a minimum:

(a) Questions on the bidder's insurance knowledge, educational background, licensing, errors and omissions insurance, experience with public entities, experience with school systems and number of years in business. The questionnaire must state that qualified bidders must be insurance agents or brokers licensed by the Bureau of Insurance or duly authorized risk pools under Title 24A or Title 30A, chapter 117;

(b) The evaluation criteria and relative scoring weights to be applied in the prequalification evaluation process;

(c) A statement that bidders are subject to prescreening and may not approach an insurer or reinsurer until given permission by the school board to do so since markets are allocated by the school board. The questionnaire must state that failure to comply with this restriction automatically disqualifies the bidder. The questionnaire must state that the school board reserves the option to require a personal interview at any time in the process; and

(d) The address and contact person to which the questionnaire must be submitted and the opening date and time, which may not be less than 3 1/2 months from the expiration date of the policy or policies being sought. The questionnaire must state that: all proposals are publicly opened at the date, time and place noted; a questionnaire received after the date

and time specified is rejected, but retained and not evaluated or considered further; and proposals are not available for inspection until after the bid is awarded. The questionnaire must state that the school board reserves the right to reject a questionnaire and does not accept responsibility for costs incurred by a bidder in the preparation of a questionnaire. The questionnaire must state that bidders are notified of the outcome in writing no later than 10 days after the closing date.

(2) In the same time frame, the school board shall approve a request for proposal, referred to in this paragraph as the "proposal." The proposal must contain at a minimum:

(a) The line or lines of insurance for which bids are being solicited and a clear definition of minimum coverage required, minimum limits required, deductibles, policy forms and endorsements required and policy term required. If coverage identical to the expiring coverage is being sought, a copy of the expiring policy or policies and all endorsements may be enclosed to meet this requirement;

(b) Basic underwriting information, such as named insured, mailing address, nature of risk, actual locations, schedules of buildings, business personal property, vehicles or any other property for which insurance is being sought, if applicable;

(c) At least a 3year and preferably a 5year company-generated loss run;

(d) A clear definition of the services, if any, required of both the bidder and the insurer;

(e) The minimum A.M. Best rating and financial size category acceptable to the school board;

(f) The evaluation criteria and relative scoring weights to be applied to the proposal. Cost of the insurance coverage must be included in the evaluation criteria and must be given a minimum of 50% of the total weight of all criteria;

(g) The address and contact person to which a bid must be submitted and the bid opening date and time. The proposal must state that: all proposals are publicly opened at the date, time and place noted; bids received after the date and time specified are rejected, but retained and not evaluated or considered further; and proposals are not available for inspection until after the bid is awarded. The proposal must state that the school board reserves the right to reject a bid and does not accept responsibility for costs incurred by a bidder in the preparation of a proposal. The proposal must state that all bidders are notified of the outcome in writing no later than 20 days after the bid closing date;

(h) The name, address and optionally a facsimile number of a school board contact person to whom written questions may be addressed. The proposal must state that the school board will reply to questions submitted in writing before a specified deadline with copies of the questions and answers to be provided in writing to all bidders; and

(i) A statement that the successful bidder must present an insurance binder to the school board within 5 days of the award and no later than the expiration date of the existing policy. Failure to do so disqualifies the award and the award is then made to the next highest-rated bidder who was in compliance with the proposal. The proposal must state that all decisions regarding the award are final.

(3) Each bidder on the registry of bidders must be provided with a questionnaire and proposal 4 months before the expiration of the policy or policies being sought. Each bidder must complete and return the questionnaire before the stated date and time as specified in the questionnaire. In addition, a bidder must state in the order of preference the insurers they prefer to solicit on the school board's behalf. The school board shall then have 3 persons independently review a questionnaire on the basis of the established criteria. The reviewers shall document the scoring and select all qualified bidders, but no more than the 5 highest-rated, to participate further in the process.

(4) The school board shall allocate to each selected bidder at least one insurer from which to solicit a bid. This market allocation must be made on the basis of awarding the bidder's first choice to the bidder. If there is a conflict, an incumbent broker is given preference over the school board's incumbent insurer. Allocation is then made on the basis of highest-qualifying score. Once market allocation is complete, a new bid closing date must be set for 30 days before the policy expiration date for submission of insurer bids.

(5) The school board shall have 3 persons independently review each submitted bid on the basis of the established criteria. The reviewers shall document the scoring and substantive information that supports the scoring and make the award decision. Interviews may be considered within the review. Award must be made to the highest-rated proposal that conforms to the proposal. Tie scores must be resolved on the basis of factors considered by the school board to serve the best interests of the school system. Minor negotiations not affecting the bid price more than 5% after notice of award are allowed and, if agreement can not be reached, the proposal may be rejected and the award made to the next highest-rated bidder who is in compliance with the proposal. Written records must be kept by each person reviewing or ranking proposals. The award of the bid must then be announced publicly. All bidders must be notified in writing no later than 5 days after the award is made. The successful bidder shall

submit, in accordance with the proposal, a written binder of insurance within 5 days of the award and no later than the expiration date of the expiring policy. All decisions regarding awards are final.

Sec. 4. 24 MRSA §2307-C is enacted to read:

§ 2307-C. Information concerning school administrative unit's experience rating

Notwithstanding any provisions of law governing confidentiality, a nonprofit hospital or medical service organization shall provide information concerning a school administrative unit's own experience and claims history as a member covered under a group policy or contract to that school administrative unit at that unit's own request and to any municipality in the unit if the municipality so requests.

Sec. 5. 24-A MRSA §2803-B is enacted to read:

§ 2803-B. Information concerning school administrative unit's experience rating

Notwithstanding any provisions of law governing confidentiality, an insurer shall provide information concerning a school administrative unit's own experience and claims history as a member covered under a group policy or contract to that school administrative unit at that unit's own request and to any municipality in the unit if the municipality so requests.

Sec. 6. 24-A MRSA §4224-B is enacted to read:

§ 4224-B. Information concerning school administrative unit's experience rating

Notwithstanding any provisions of law governing confidentiality, a health maintenance organization shall provide information concerning a school administrative unit's own experience and claims history as a member covered under a group policy or contract to that school administrative unit at that unit's own request and to any municipality in the unit if the municipality so requests.

SUMMARY

This bill removes the waiver of competitive bidding available to school boards for health insurance. It requires that school boards purchase health insurance for employees through competitive bidding, including in school units in which municipal and school insurance is purchased as a package by municipal government.

The bill requires that insurers, nonprofit hospital and medical service organizations and health maintenance organizations provide a school administrative unit with information concerning the unit's own experience rating and claims history as a member covered under a group policy or contract at the unit's request or at the request of any municipality in the unit.

The bill also makes members of the Maine Municipal Association and members of the Maine Education Association eligible to participate in the group health plan for state employees and makes employees of school administrative units and municipalities eligible to participate in the plan if their school boards or municipalities elect to participate in the plan.