

MAINE STATE LEGISLATURE

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CHAPTER 19

NONPROFIT HOSPITAL OR MEDICAL SERVICE ORGANIZATIONS

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§ 2301. Scope

Any corporation organized under special Act of the Legislature, or under Title 13 for the purpose of establishing, maintaining and operating a nonprofit hospital service plan whereby hospital care is to be provided by a hospital, or a group of hospitals, with which such corporation has a contract for such purpose, or such corporation as may establish, maintain and operate a nonprofit medical service plan whereby medical or surgical or optometric service or expense indemnity is provided to such persons or groups of persons as shall become subscribers to such plan under contracts with said corporation, may be licensed by the commissioner on the terms and conditions provided for in this chapter.

R.S.1954, c. 60, § 244; 1963, c. 281, § 4.

§ 2302. Incorporation

The articles of incorporation, and amendments thereto, of every corporation organized under this chapter shall be submitted to the commissioner, whose approval thereof shall be indorsed thereon before the same are filed with the Secretary of State.

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There shall be not less than 7 directors and at least a majority of the directors of such corporation must be at all times administrators, incorporators, trustees or members of the clinical staff of the hospital or hospitals which have contracted with such corporation to render hospital service to the subscribers and the physicians and optometrists who have contracted with such corporation to render medical, surgical, obstetrical, optometric or related professional service to the subscribers.

R.S.1954, c. 60, § 245; 1963, c. 281, § 5.

§ 2303. Contracts

Such corporation mentioned in section 2301 may enter into contracts for the rendering of hospital service to the subscribers only with hospitals approved by the departments of health and welfare of the several states. All contracts for hospital service issued by such corporation shall constitute direct obligations of the hospital or hospitals with which such corporation has contracted for hospital care. Contracts issued under the medical service plan shall provide that the private physician-patient relationship shall exist between the patient and physician, that the patient shall have a free choice of any physician or optometrist able and willing to perform medical or optometric service and may provide for medical expense indemnity, all of which shall be based upon definite agreements covering medical or surgical care provided through duly licensed physicians. All contracts for medical, surgical, optometric, obstetrical and related professional service issued by such corporation shall constitute a direct obligation of any physician or optometrist with which such corporation has contracted for professional services, said obligation being to the subscriber accepted for service. Any such physician or optometrist shall be free to refuse service for appropriate professional reasons. Nothing in this section shall be construed to prohibit reciprocal arrangements for the exchange of hospital, medical or surgical service between nonprofit hospital and medical service plans.

R.S.1954, c. 60, § 246; 1963, c. 281, § 6.

§ 2304. Licenses

Application for the license provided for in section 2301 must be made in the form required by the commissioner and must contain the information he deems necessary. The application must be accompanied by a copy of each of the following documents:

1. **Certificate of incorporation.** Certificates of incorporation;

2. **Bylaws.** Bylaws;

3. **Proposed contracts.** Proposed contracts between the corporation and participating hospitals and physicians or optometrists showing the terms under which the hospital, medical or surgical or optometric service is to be furnished to subscribers;

1963, c. 281, § 7.

4. **Rates and benefits.** Contracts to be issued to subscribers showing a table of the rates to be charged and the benefits to which they are entitled;

5. **Financial statement.** Financial statement of the corporation, including the contributions paid or agreed to be paid to the corporation for working capital, the name of each contributor, and the terms of each contribution. The contributions must total at least \$5,000.

R.S.1954, c. 60, § 247; 1959, c. 346, § 6; 1963, c. 281, § 7.

§ 2305. —Issuance of

The commissioner shall issue a license on payment of a fee as provided in section 371, subsection 3, if the applicant meets the following requirements:

1. **Plan.** It is established to provide a bona fide nonprofit hospital or medical service plan.

2. **Contracts.** The contracts between the applicant and the participating hospitals or physicians or optometrists obligate each participating party to render service to which each subscriber may be entitled under the terms of the contract issued to the subscribers.

1963, c. 281, § 8.

3. **Rates and benefits.** The rates charged and benefits to be provided are reasonable.

4. **Contributions.** Contributions to the working funds of the applicant are repayable only out of earned premiums in excess of operating expenses, payments to participating hospitals and physicians, and an adequate reserve required by the commissioner.

5. **Money available.** The money available for working capital must be sufficient to cover all acquisition costs and op-

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erating expenses for a reasonable time from the date of the issuance of the license.

1959, c. 346, § 7; 1963, c. 281, § 8.

§ 2306. Reports

Every corporation organized under this chapter shall annually on or before the first day of April file in the office of the commissioner a statement verified by at least 2 of the principal officers of said corporation showing its condition on the 31st day of December, then next preceding, which shall be in such form and shall contain such matters as the commissioner shall prescribe.

R.S.1954, c. 60, § 248.

§ 2307. Visitation

The commissioner, or any deputy or examiner or any other person whom he shall appoint, shall have the power of visitation and examination into the affairs of any corporation described in section 2301 and free access to all of the books, papers and documents that relate to the business of the corporation, and may summon and qualify witnesses under oath to examine its officers, agents or employees or other persons in relation to the affairs, transactions and conditions of the corporation.

R.S.1954, c. 60, § 249.

§ 2308. Investments

Any corporation subject to this chapter shall be restricted in its investments in the same manner as are savings banks in this State.

R.S.1954, c. 60, § 250.

§ 2309. Disputes

Any dispute arising between a corporation subject to this chapter and any hospital or physician with which such corporation has a contract for hospital, medical or surgical service may be submitted to the commissioner for his decision with respect thereto. Any decision and findings of the commissioner made under said chapter shall not be any bar to constituted legal procedure for the review of such proceedings in a court of competent jurisdiction.

R.S.1954, c. 60, § 251.

§ 2310. Dissolution

Any dissolution or liquidation of a corporation subject to this chapter shall be conducted under the supervision of the commissioner who shall have all power with respect thereto granted to him under the law with respect to the dissolution and liquidation of insurance companies.

R.S.1954, c. 60, § 252.

§ 2311. Taxation

Every corporation subject to this chapter is declared to be a charitable and benevolent institution and its funds and property shall be exempt from taxation.

R.S.1954, c. 60, § 253.

§ 2312. Agents

No person, for himself or in behalf of any individual, firm, association or corporation, shall sell or offer to sell, any such hospital, medical or surgical service as is provided for in this chapter without being licensed therefor by the commissioner.

R.S.1954, c. 60, § 254.

§ 2313. —Licenses; fees

The commissioner shall grant a license to sell such service as is provided for in this chapter in behalf of any individual, firm, association or corporation licensed therefor, to any applicant who shall furnish the commissioner with satisfactory evidence of his integrity and authority to sell the service offered. Such license, when granted, shall expire on January 1st thereafter, and annually thereafter may be renewed so long as the commissioner shall be satisfied of the licensee's integrity, authority and responsibility to provide the service stipulated.

The applicant shall pay a license fee to the commissioner as provided in section 371, subsection 3.

R.S.1954, c. 60, § 255; 1959, c. 346, § 8.

§ 2314. Revocation

The commissioner may revoke a license granted under this chapter for cause at any time after hearing.

R.S.1954, c. 60, § 256.

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§ 2315. Penalties

Any person, firm, association or corporation, or any officer, agent, servant or employee thereof, who shall violate any of the provisions of this chapter shall be punished by a fine of not more than \$300 or by imprisonment for not more than 6 months, or by both.

R.S.1954, c. 60, § 257.