

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION
(EMERGENCY)

ONE HUNDRED AND FIRST LEGISLATURE

Legislative Document

No. 1638

S. P. 669

In Senate, January 6, 1964

The Committee on Legal Affairs suggested.

CHESTER T. WINSLOW, Secretary

Presented by Senator Edmunds of Aroostook.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-FOUR

**AN ACT Clarifying the Rights of Nonprofit Hospital or Medical Service
Organizations.**

Emergency preamble. Whereas, acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the 101st Legislature passed a special act to authorize Associated Hospital Service of Maine to grant, in its own capacity, additional benefits to its subscribers which were not covered by regular contracts for hospital and medical services; and

Whereas, the general provisions of the Revised Statutes, chapter 60, with regard to other nonprofit hospital or medical service organizations has not likewise been broadened; and

Whereas, there are serious questions as to which law should govern the operation of Associated Hospital Service of Maine, or any other nonprofit hospital or medical service organization; and

Whereas, these questions have given rise to uncertainties in the administration of the law; and

Whereas, it is in the public interests that these additional benefits be immediately granted to all persons interested in obtaining the same so that they may be protected against the unfortunate impact of future illness; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following leg-

islation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. R. S., c. 60, §§ 246-A - 246-F, additional. Chapter 60 of the Revised Statutes is amended by adding 6 new sections, to be numbered 246-A to 246-F, to read as follows:

Sec. 246-A. Group coverage. Any such corporation shall have the power to issue hospital service plans or medical service plans to persons or groups of persons as shall become subscribers to such plan under contract with said corporation. In order to maintain and operate such plans, the corporation may act either in the capacity of principal or agent of other nonprofit hospital service corporations or insurance companies authorized to do business in the State of Maine.

Sec. 246-B. Contract with other corporations. Such corporation may contract with any similar corporations in other states for the joint administration of their business and may enter into reciprocal arrangements for the mutual benefit of their subscribers.

Sec. 246-C. Additional coverage. Such corporation shall have the right to issue a contract or contracts or certificate or certificates on a nonprofit basis under which it assumes liability on the whole or part of expenses incurred by a subscriber as a result of injury or disease not covered by this corporation's regular contracts for hospital service or medical service; if such liability is fully reinsured by an insurance company authorized to transact such business in the State of Maine, or without such reinsurance if the corporation has made a deposit with the Treasurer of State in the amount of \$100,000 to be held in exclusive trust for the benefit of all of the corporation's members entitled to such additional benefits as security for said additional benefits, which shall be limited to health care services and supplies and shall not extend to or include indemnity for loss of time, incapacity or death benefits.

Said deposit with the Treasurer of State shall be in the form of obligations of the United States of America, the State of Maine or any of its political subdivisions and when deposited, the Treasurer of State shall furnish the corporation with a certificate or certificates of the fact, in his official capacity, embracing the items of the security so deposited, the amount and par value of each, and his opinion of their value. The Treasurer of State shall hold the securities so deposited, but the corporation may receive and collect the interest or dividends thereon and withdraw them from time to time, on depositing in their place other qualified securities of sufficient market value to maintain the amount on deposit at not less than \$100,000.

The corporation may withdraw the deposit in the event it wishes to relinquish all the business for which the deposit is held as security, by written request to the Treasurer of State and on oath of its president and secretary that its assets are ample to meet all the existing demands for benefits against which the deposit was made as security.

Sec. 246-D. Governmental contracts. With the prior approval of the Insur-

ance Commissioner, the corporation shall have the right to utilize its organization and facilities to perform services for the United States or the State of Maine governments or the units or agencies of either. Such utilization shall be on a cost basis resulting in no profit to the corporation.

Sec. 246-E. Approval and disapproval of contracts and filing of rates. No such contract shall be delivered or issued for delivery to any person in this State nor shall any application, rider or endorsement be used in connection therewith until a copy of the form thereof and of the classification of risks, and the contract rates to be charged therefor have been filed with the Insurance Commissioner. No such contract shall be so delivered or issued for delivery nor shall any application, rider or endorsement be used in connection therewith until the expiration of 30 days after it has been so filed unless the commissioner shall sooner give his written approval thereto.

The commissioner may, within 30 days after the filing of any such form, disapprove such form if the benefits provided therein are unreasonable in relation to the rates charged or if it contains a provision or provisions which are illegal, unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of such policy. If the commissioner shall notify the corporation which has filed any such form that it does not comply with the provisions of this section, it shall be unlawful thereafter for such corporation to issue such form or use it in connection with any contract. In such notice the commissioner shall specify the reasons for his disapproval and state that a hearing will be granted within 30 days after request in writing by the corporation.

The commissioner may at any time, after a hearing of which not less than 20 days' written notice shall have been given to the corporation, withdraw his approval of any such form on any of the grounds stated in this section. It shall be unlawful for such form to be delivered or issued for delivery in this State after the effective date of such withdrawal of approval. The notice of any hearing called under this paragraph shall specify the matters to be considered at such hearing and any decision affirming disapproval or directing withdrawal of approval under this section shall be in writing and shall specify the reasons therefor.

Sec. 246-F. Appeal. Any order or decision of the commissioner, issued under sections 244 to 257-A, shall be subject to review as provided in section 126.'

Sec. 2. R. S., c. 60, § 257-A, additional. Chapter 60 of the Revised Statutes is amended by adding a new section 257-A, to read as follows:

'**Sec. 257-A. Special charters.** If the provisions of any special charter of any corporation or association organized as a nonprofit hospital or medical service organization under special act of the Legislature is inconsistent with sections 244 to 257, said sections 244 to 257 shall govern.'

Emergency clause. In view of the emergency cited in the preamble, this act shall take effect when approved.