

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION
(EMERGENCY)

ONE HUNDRED AND SECOND LEGISLATURE

Legislative Document

No. 1681

H. P. 1213

House of Representatives, January 17, 1966

The Committee on Judiciary suggested.

JEROME G. PLANTE, Clerk

Presented by Mr. Levesque of Madawaska and Mr. Richardson of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SIXTY-SIX

**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, prior Legislatures have passed a series of special acts continuously broadening the authority of Associated Hospital Service of Maine to better serve the people of Maine through its Blue Cross-Blue Shield Plans; and

Whereas, the general provisions of chapter 19 of Title 24 of the Revised Statutes, with regard to other nonprofit hospital or medical service organizations have not in the past likewise been broadened because no such corporation has ever been organized under said general provisions; and

Whereas, there are serious questions as to whether or not Associated Hospital Service of Maine can legally exercise the authority previously granted it by prior Legislatures; and

Whereas, these questions have given rise to uncertainties in the administration of Blue Cross-Blue Shield Plans; and

Whereas, it is in the public interest that Associated Hospital Service of Maine be authorized to continue to operate its present Blue Cross-Blue Shield Plans so that the subscribers of said plans may continue to be protected against the unfortunate financial impact of future illnesses; 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 legis-

lation 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 R. S., T. 24, § 2301, repealed and replaced. Section 2301 of Title 24 of the Revised Statutes is repealed and the following enacted in place thereof:

§ 2301. Purposes

Any corporation organized under a special Act of the Legislature or under Title 13 for the following purposes may be licensed by the commissioner on the terms and conditions provided for in this chapter:

1. **Nonprofit hospital service plans.** To establish, maintain and operate nonprofit hospital service plans, whereby hospital care may be provided by hospitals or groups of hospitals with which such corporation has a contract for such purpose, to such persons or groups of persons as become subscribers to said plan under a contract which entitles each subscriber to certain hospital care, and the hospital or hospitals so contracting with such corporation shall be governed by this section and shall be exempt from all other provisions of the insurance laws of this State, unless otherwise specifically provided herein. In order to maintain and operate such plans, such 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.

2. **Nonprofit medical service plans.** To establish, maintain and operate nonprofit medical service plans, whereby medical or surgical service or expense indemnity is provided to such persons or groups of persons as shall become subscribers to such plan under contracts with such corporation, either in the capacity of principal or agent of other nonprofit medical service corporations, or insurance companies authorized to do business in the State of Maine, and the physician or physicians so contracting with such corporation shall be governed by this section and shall be exempt from all other provisions of the insurance laws of this State, unless otherwise specifically provided herein.

3. **Contracts and agreements.** To 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.

4. **Services for governmental units.** With the prior approval of the Insurance Commissioner of the State of Maine, such 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. 2. P. & S. L., 1939, c. 24, § 3-C, repealed. Section 3-C of chapter 24 of the private and special laws of 1939, as enacted by section 3 of chapter 47 of the private and special laws of 1957 and as amended by section 1 of chapter 135 of the private and special laws of 1963, is repealed.

Sec. 3. Incorporation of Associated Hospital Service of Maine validated. The incorporation of Associated Hospital Service of Maine, pursuant to chapter

24 of the private and special laws of 1939, is hereby ratified and confirmed and made valid in all respects.

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