

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND FOURTH LEGISLATURE

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**Legislative Document**

**No. 1047**

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H. P. 808

House of Representatives, February 26, 1969

Referred to Committee on Health and Institutional Services. Sent up for concurrence and 1,000 ordered printed.

BERTHA W. JOHNSON, Clerk

Presented by Mr. Benson of Southwest Harbor.

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## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SIXTY-NINE

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### **AN ACT** Relating to Nonprofit Hospital or Medical Service Organizations.

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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**Sec. 1.** R. S., T. 24, § 2301, repealed and replaced. Section 2301 of Title 24 of the Revised Statutes, as last repealed and replaced by section 19 of chapter 494 of the public laws of 1967, is repealed and the following enacted in place thereof:

#### § 2301. Purposes

Any corporation organized under special Act of the Legislature or under Title 13, chapter 81 for the following purposes may be licensed by the commissioner on the terms and conditions provided for in this chapter; except that where such corporation was heretofore organized by special Act of the Legislature, this chapter shall not apply where inconsistent with such Act as heretofore amended:

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 in this chapter.

2. Nonprofit medical service plans. To establish, maintain and operate nonprofit medical service plans, whereby medical or surgical service or ex-

pense 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 this State, 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 in this chapter.

3. Nonprofit health care plans. To establish, maintain and operate nonprofit health care plans whereby health care services not covered under subsections 1 and 2 may be provided by institutions or persons licensed for such purpose by the State of Maine with which such corporation has a contract for such purpose, to such persons or groups of persons as become subscribers to such plan under a contract which entitles each subscriber to certain specific health care and the licensed institution or persons so contracting with such corporation shall be governed by this chapter and shall be exempt from all other provisions of the insurance laws of this State, unless otherwise specifically provided in this chapter.

4. Principal or agent. 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 insurers authorized to do business in this State.

5. Contracts and agreements. To contract with any similar corporations in other states for the joint administration of their business, and to enter into reciprocal arrangements for the mutual benefit of their subscribers.

6. 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, or any charitable or nonprofit organization involved in health care. Such utilization shall be on a cost basis resulting in no profit to the corporation.

7. Right to contract. The State, any county, city, town or other quasi-municipal corporation shall have the same right to contract with any corporation subject to this chapter as it may have under section 4501 with respect to insurers.

Sec. 2. R. S., T. 24, § 2303, amended. Section 2303 of Title 24 of the Revised Statutes is amended to read as follows:

### § 2303. Contracts

Such corporation mentioned in section 2301 may enter into contracts for the rendering of ~~hospital service~~ health care to the subscribers only with ~~hospitals approved by the departments of health and welfare~~ institutions or persons licensed by the appropriate departments or boards of the several states. All contracts for ~~hospital service~~ the provision of health care issued

by such corporation shall constitute direct obligations of the ~~hospital or hospitals~~ **provider of health care** with which such corporation has contracted for ~~hospital such care~~. Contracts issued under the ~~medical service~~ **a health care plan** shall provide that the private ~~physician provider-patient~~ relationship shall exist between the patient and ~~physician~~ **provider of health care**, that the patient shall have a free choice of any ~~physician or optometrist~~ **provider of health care** able and willing to perform ~~medical or optometric service~~ and may provide for ~~medical expense indemnity~~ **provide such services**, all of which shall be based upon definite agreements covering ~~medical or surgical care~~ **health care** provided through duly licensed ~~physicians~~ **providers**, and any such ~~provider of health care~~ shall be free to refuse service for appropriate professional reasons. All contracts for ~~medical, surgical, optometric, obstetrical and related professional service~~ issued by such a corporation shall constitute a direct obligation of any ~~physician or optometrist~~ with which such corporation has contracted for professional services, the 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~~ **health care** between similar nonprofit hospital and medical service plans.

**Sec. 3. R. S., T. 24, § 2304, sub-§ 3, amended.** Subsection 3 of section 2304 of Title 24 of the Revised Statutes is amended to read as follows:

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

**Sec. 4. R. S., T. 24, § 2305, amended.** The first paragraph of section 2305 of Title 24 of the Revised Statutes is amended to read as follows:

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:

**Sec. 5. R. S., T. 24, § 2305, sub-§§ 1 - 2, amended.** Subsections 1 and 2 of section 2305 of Title 24 of the Revised Statutes are amended to read as follows:

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

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

**Sec. 6. R. S., T. 24, § 2305, sub-§ 4, amended.** Subsection 4 of section 2305 of Title 24 of the Revised Statutes is amended to read as follows:

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 providers~~, and an adequate reserve required by the commissioner.

**Sec. 7. R. S., T. 24, § 2309, amended.** Section 2309 of Title 24 of the Revised Statutes is amended to read as follows :

**§ 2309. Disputes**

Any dispute arising between a corporation subject to this chapter and any ~~hospital or physician provider of health care~~ with which such corporation has a contract for ~~hospital, medical or surgical service health care~~ 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.

**Sec. 8. R. S., T. 24, § 2312, amended.** Section 2312 of Title 24 of the Revised Statutes is amended to read as follows :

**§ 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 health care~~ as is provided for in this chapter without being licensed therefor by the commissioner.

**Sec. 9. R. S., T. 24, § 2313, amended.** The last paragraph of section 2313 of Title 24 of the Revised Statutes is repealed as follows :

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