

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 1795

H. P. 1375

House of Representatives, June 1, 1971

Reported by Mr. Scott from Committee on Business Legislation and printed under Joint Rules No. 18.

BERTHA W. JOHNSON, Clerk

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT Relating to Nonprofit Hospital or Medical Service Organizations.

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

R. S., T. 24, § 2301, repealed and replaced. Section 2301 of Title 24 of the Revised Statutes, as last repealed and replaced by section 1 of chapter 419 of the public laws of 1969, and as amended, is repealed and the following enacted in place thereof: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 authorized 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 chapter and by such provisions of Title 24-A as shall become applicable as provided in this chapter.

2. Nonprofit medical service plans. To establish, maintain and operate nonprofit medical service plans, whereby medical or surgical service 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 chapter and by such provisions of Title 24-A as shall become applicable as 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 by such provisions of Title 24-A as shall become applicable as provided in this chapter.

4. Inadvertent payments. In the event that direct payment is inadvertently made to a hospital, physician or other provider of medical services or health care by or on behalf of a subscriber or member, such corporation may reimburse the subscriber up to the amount payable under the plan to a hospital, physician or other provider of medical services or health care.

5. 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.

6. 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.

7. Services for governmental units. With the prior approval of the commissioner, 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.

8. 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 Title 24-A, section 4501 with respect to insurers.

9. Indemnity health care contracts. Nothing in this chapter shall authorize an organization operating under this chapter to enter into indemnity health care contracts.

10. "Commissioner" defined. As used in this chapter "commissioner" means the Insurance Commissioner of this State.

Sec. 2. R. S., T. 24, § 2302, amended. The first paragraph of section 2302 of Title 24 of the Revised Statutes is repealed and the following enacted in place thereof:

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

Sec. 3. R. S., T. 24, § 2304, amended. The first sentence of section 2304 of Title 24 of the Revised Statutes is repealed and the following enacted in place thereof:

Application for the authority provided for in section 2305 must be made in the form required by the commissioner and must contain the information he deems necessary.

Sec. 4. R. S., T. 24, § 2305, amended. The first paragraph of section 2305 of Title 24 of the Revised Statutes, as last amended by section 4 of chapter 419 of the public laws of 1969, is repealed and the following enacted in place thereof:

The commissioner shall issue a certificate of authority on payment of a fee which shall be the same as for an insurer as provided in Title 24-A, section 601 if the applicant meets the following requirements:

Sec. 5. R. S., T. 24, § 2305, sub-§ 2, amended. Subsection 2 of section 2305 of Title 24 of the Revised Statutes, as amended by section 5 of chapter 419 of the public laws of 1969, is further amended to read as follows:

2. **Contracts.** The contracts between the applicant and the participating 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 and such contracts are otherwise reasonable.

Sec. 6. R. S., T. 24, § 2305, sub-§ 5, repealed and replaced. Subsection 5 of section 2305 of Title 24 of the Revised Statutes is repealed and the following enacted in place thereof:

5. **Money available.** The money available for working capital must be sufficient to cover all acquisition costs and operating expenses for a reasonable time from the date of the issuance of the certificate of authority.

Sec. 7. R. S., T. 24, § 2307, repealed and replaced. Section 2307 of Title 24 of the Revised Statutes is repealed and the following enacted in place thereof:

§ 2307. Examination

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

The reasonable costs of such an examination shall be borne by the corporation examined.

Sec. 8. R. S., T. 24, § 2310, amended. Section 2310 of Title 24 of the Revised Statutes is amended to read as follows:

§ 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~~ Title 24-A with respect to the dissolution and liquidation of insurance companies.

Sec. 9. R. S., T. 24, §§ 2312 and 2313, repealed and replaced. Sections 2312 and 2313 of Title 24 of the Revised Statutes, as amended, are repealed and the following enacted in place thereof:

§ 2312. Agents

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

§ 2313. Licenses; fees

The commissioner shall grant an agent's 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, competence 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, competence, authority and responsibility to provide the service stipulated.

The applicant shall pay a license fee to the commissioner which shall be the same as the fee applicable to the agent of a domestic mutual health insurer as provided for in Title 24-A, section 601.

Sec. 10. R. S., T. 24, §§ 2314 and 2315, repealed and replaced. Sections 2314 and 2315 of Title 24 of the Revised Statutes are repealed and the following enacted in place thereof:

§ 2314. Revocation of authority; license

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

§ 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 the fines and penalties provided in Title 24-A applicable to health insurers.

Sec. 11. R. S., T. 24, §§ 2316 & 2317, additional. Title 24 of the Revised Statutes is amended by adding 2 new sections to read as follows:

§ 2316. Certificates or contracts; approval by commissioner

No nonprofit hospital and medical service organization shall issue or deliver in this State any certificate or other evidence of any contract unless and until the form thereof, together with the form of application and all riders or endorsements for use in connection therewith, shall have been filed with the commissioner and approved by him as conforming to reasonable rules and regulations from time to time made by him and as not inconsistent with any other provisions of law applicable thereto. The commissioner shall, within a reasonable time after the filing of any such form, notify the organization filing the same either of his approval or of his disapproval of such form. The commissioner may approve any such form which in his opinion contains provisions on any one or more of the several requirements made by him which are more favorable to the subscribers than the one or ones so required. The commissioner shall have power, from time to time, to make, alter and supersede reasonable regulations prescribing the required, optional and prohibited provisions in such contracts, and such regulations shall conform, as far as practicable, to Title 24-A, chapters 33 and 35. Where the commissioner deems inapplicable, either in part or in their entirety, the foregoing chapters, he may prescribe the portions or summary thereof of the contract to be printed on the certificate issued to the subscriber. Any filing made hereunder shall be deemed approved unless disapproved within 60 days from the date of such filing.

§ 317. Other provisions applicable

The following chapters and provisions of Title 24-A, where and to the extent not inconsistent with this chapter and the reasonable implications thereof, shall apply to such corporations only to the extent provided for by rules and regulations issued by the commissioner to such corporations:

1. Chapter 1. General definitions and provisions.
2. Chapter 3. The Insurance Commissioner.
3. Chapter 23. Trade practices and frauds.
4. Chapter 49. Continuity of management.
5. Chapter 57. Delinquent insurers; rehabilitation and liquidation.