

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-752)
108TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1539, L.D. 1769, Bill, "AN ACT to Require Filing and Prior Approval of all Rates for Use by Nonprofit Hospital or Medical Organizations."

Amend the bill by striking out all of the title and inserting in its place the following:

'AN ACT to Require Filing and Authority for Subsequent Disapproval of All Nongroup Rates Utilized by Health Insurance Companies and Nonprofit Hospital and Medical Service Organizations.'

Further amend the bill by striking out everything after the enacting clause and before the emergency clause, and inserting in its place the following:

'Sec. 1. 24 MRSA §2305, sub-§3, is amended to read:

3. Rates and benefits. The rates charged and benefits to be provided are reasonable as prescribed in sections 2316, 2321 and 2322.

Sec. 2. 24 MRSA §§2321, 2322 and 2323 are enacted to read:

§2321. Rate filings on individual subscriber and membership contracts

1. Filing of rate information. Every nonprofit hospital and medical service organization shall file with the superintendent, except as to group subscriber and membership contracts, every rate, rating formula and every modification of any of the foregoing which it proposes to use. Every such filing shall state the effective

date thereof. Every such filing shall be made not less than 30 days in advance of the stated effective date unless such 30-day requirement is waived by the superintendent and the effective date may be suspended by the superintendent for a period of time not to exceed 30 days.

2. Filing information; public information. When a filing is not accompanied by the information upon which the organization supports such filing, and the superintendent does not have sufficient information to determine whether such filing meets the requirements that the rates shall not be excessive, inadequate or unfairly discriminatory, he shall require the organization to furnish the information upon which it supports the filing. A filing and any supporting information shall be open to public inspection after the filing becomes effective. For the purpose of determining whether the filing produces rates that are not excessive, inadequate or unfairly discriminatory, the superintendent may employ a competent actuary and the reasonable costs of the actuary shall be borne by the organization making such filing.

§2322. Disapproval of filing

If, at any time, the superintendent has reason to believe that a filing does not meet the requirements that rates shall not be excessive, inadequate or unfairly discriminatory and violates any of Title 24-A, chapter 23, to the extent it is applicable pursuant to section 2317, he shall, after a hearing held upon not less than 10 days' written notice to the organization making the filing specifying the matters to be considered at such hearing,

issue an order specifying in what respects, if any, he finds that such filing fails to meet the requirements that rates shall not be excessive, inadequate or unfairly discriminatory and stating when, within a reasonable period thereafter, such filing shall be deemed no longer effective. The superintendent shall have the burden of proof at any hearing concerning a determination that the rates are excessive, inadequate or unfairly discriminatory. Copies of the order shall be sent to the organization making the filing. The order shall not affect any individual subscriber or membership contract made or issued prior to the expiration of the effective period set forth in the order.

§2323. Appeals from order or decision of the superintendent

Any organization aggrieved by an order or decision of the superintendent may appeal therefrom as provided in Title 24-A, section 236.

Sec. 3. 24-A MRSA §2736, as amended ←-----→ by PL 1973, c. 585, §12, is repealed and the following enacted in its place:

§2736. Rate filings on individual health insurance policies

1. Filing of rate information. Every insurer issuing individual health insurance policies for delivery in this State shall file with the superintendent, every rate, rating formula and classification of risks pertaining to such policies and every modification of any of the foregoing which it proposes to use. Every such insurer shall file with the superintendent, except as

to group policy rates, every rate and rating formula and every modification of any of the foregoing which it proposes to use. Every such filing shall state the effective date thereof. Every such filing shall be made not less than 30 days in advance of the stated effective date unless such 30-day requirement is waived by the superintendent, and the effective date may be suspended by the superintendent for a period of time not to exceed 30 days.

2. Rate filing; public information. When a filing is not accompanied by the information upon which the insurer supports such filing, and the superintendent does not have sufficient information to determine whether such filing meets the requirements that rates shall not be excessive, inadequate or unfairly discriminatory, the superintendent shall require the insurer to furnish the information upon which it supports the filing. A filing and any supporting information shall be open to public inspection after the filing becomes effective.

Sec. 4. 24-A MRSA §2736-A is enacted to read:
§2736-A. Disapproval of filing

If, at any time the superintendent has reason to believe that a filing does not meet the requirements that rates shall not be excessive, inadequate or unfairly discriminatory and violates any of the provisions of chapter 23, he shall, after a hearing held upon not less than 10 days' written notice to the insurer making the filing specifying the matters to be considered at such hearing, issue an order specifying in what respects, if any, he finds that such filing fails to meet the requirements that rates shall not be excessive, inadequate or unfairly discriminatory and stating when, within a reasonable time period thereafter, such filing shall be deemed no longer effective. The superintendent shall

have the burden of proof at any hearing concerning a determination that the rates are excessive, inadequate or unfairly discriminatory. Copies of the order shall be sent to the insurer making the filing. The order shall not affect any policy issued prior to the expiration of the effective period set forth in the order.'

Statement of Fact

This amendment proposes to clarify the existing laws under which the Superintendent of Insurance is permitted or required to review the rates of individual health insurance policies issued by insurance companies and the rates of individual subscriber and membership contracts issued by nonprofit hospital and medical service organizations.

Reported by the Majority of the Committee on Business Legislation.

Reproduced and distributed under the direction of the Clerk of the House.
6/20/77

(Filing No. H-752)