

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 914

H. P. 727

House of Representatives, March 2, 1979

Speaker laid before the House and referred to the Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Prescott of Hampden.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-NINE

**AN ACT to Require Annual Cost Containment Plans from Health Insurers.**

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

**Sec. 1. 24 MRSA § 2322, sub-§§ 1 and 2, are enacted to read:**

**1. Cost containment plans.** Any organization making a filing under this chapter shall annually file with the superintendent an affirmative action plan designed to restrain increases in the cost and utilization of health services. The superintendent shall hold public hearings and approve the affirmative action plans annually prior to rendering a judgment that any rates are excessive, inadequate or unfairly discriminatory.

**2. Calculation.** In calculating rates, an organization is hereby limited to a maximum of 9.6% inflation in hospital services and 7% inflation in physicians' expenses.

**Sec. 2. 24-A MRSA § 2736-A, sub-§§ 1 and 2, are enacted to read:**

**1. Filing of affirmative action plan.** Any organization making a filing under this chapter shall annually file with the superintendent an affirmative action plan designed to restrain increases in the cost and utilization of health services. The superintendent shall hold public hearings and approve the affirmative action plans annually prior to rendering a judgment that any rates are excessive, inadequate or unfairly discriminatory.

**2. Limit on inflationary impact on rates. In calculating rates, an organization is hereby limited to a maximum of 9.6% inflation in hospital services and 7% inflation in physicians' expenses.**

#### STATEMENT OF FACT

Insurance companies have traditionally acted simply as a vehicle to pass increased health costs on the consumer. This bill will require insurers to develop and file an annual plan to restrain increases in health costs.

Increased insurance rates are a function of increases in health costs, increases in utilization of services and administrative overhead.

This bill places a ceiling on health cost increases for the purpose of determining insurance rates. The ceiling would be equal to the guidelines given the health industry by the President of United States.