

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 1105

S. P. 357

In Senate, March 9, 1979

Referred to the Committee on Business Legislation. Sent down for concurrence and ordered printed.

Presented by Senator Najarian of Cumberland.

MAY M. ROSS, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-NINE

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

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

**Sec. 1.** 24 MRSA § 2301, sub-§ 1, as repealed and replaced by PL 1971, c. 444, § 1, is amended to read:

**1. Nonporfit hospital service plans.** To establish, maintain and operate nonprofit hospital service plans, whereby hospital care may be provided by ~~hospitals or groups of hospitals~~ a hospital 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.

**The corporation shall not contract or negotiate a contract with groups of hospitals or with any person representing more than one hospital.**

**Sec. 2.** 24 MRSA § 2321, as enacted by PL 1977, c. 493, § 2, is amended to read:  
**§ 2321. Rate filings on 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 as to all~~ 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~~ 90 days in advance of the state effective date unless such ~~30~~ 90-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.** When a filing is not accompanied by the information upon which the organization supports such filing, ~~and or~~ 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~~ **A filing and supporting information shall be a public record within the meaning of Title 1, section 402, sub-§ 3, and shall become part of the official record of any hearing held pursuant to section 2322.** 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 consultants, including actuaries** and the reasonable costs of ~~the actuary the consultants, including costs of testifying at any hearing held pursuant to section 2322,~~ shall be borne by the organization making such filing.

**Sec. 3.** 24 MRSA § 2322, as amended by PL 1977, c. 694, § 383, is repealed and the following enacted in its place:

**§ 2322. Hearing**

**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 or that the filing violates any of Title 24-A, chapter 23, to the extent it is applicable pursuant to section 2317, he shall hold a hearing.**

**The superintendent may employ a hearing examiner to conduct the hearing and to prepare a recommended decision or order. The reasonable costs of employing the hearing examiner shall be borne by the organization making the filing.**

**Hearings held under this section shall conform to the procedural requirement set forth in the Maine Administrative Procedure Act, Title 5, chapter 375, subchapter IV.**

**Sec. 4.** 24 MRSA § 2323, as enacted by PL 1977, c. 493, § 2 is repealed and the following enacted in its place:

**§ 2323. Order**

**The superintendent shall issue his order or decision within 30 days after the close of the hearing. In his order or decision, the superintendent shall either**

approve or disapprove the rate filing. If he disapproves the rate filing, the superintendent shall establish the date on which the filing is no longer effective and shall either:

1. Satisfy statutory standards. Establish rates which satisfy the appropriate statutory standards; or
2. New filing. Require the organization to submit a new filing in accordance with the terms of his order or decision.

Sec. 5. 24 MRSA § 2324 is enacted to read:

**§ 2324. Failure to contain costs**

In addition to criteria provided by statutes, administrative orders, decisions, rules or regulations and judicial decisions, rates shall be deemed excessive if the superintendent determines that the organization making the filing has not made a vigorous and good faith effort to restrain or control the amount of increases in reimbursement to hospitals, physicians and other health care providers, by:

1. Alternative forms. Promoting cost-effective alternative forms of providing and paying for health care;
2. Costs control. Requiring hospitals, physicians and other participating health care providers to control the costs of providing health care; and
3. Excessive costs. Denying reimbursement to hospitals, physicians and other participating health care providers for costs which are excessive.

Sec. 6. 24 MRSA § 2325 is enacted to read:

**§ 2325. Appeals from order or decision of the superintendent**

Any person whose interests are substantially and directly affected and aggrieved by an order or decision of the superintendent or any party to a hearing held pursuant to section 2322 may appeal therefrom as provided in Title 24-A, section 236.

**STATEMENT OF FACT**

This bill will strengthen the Superintendent of Insurance's authority with regard to reviewing rate filings by nonprofit hospital and medical service organizations and will prohibit groups of hospitals or any person representing more than one hospital from contracting or negotiating a contract with these organizations.