

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 508

H. P. 447

House of Representatives, January 29, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Randall of East Machias.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Provide for the Arbitration of Disputes Between Health Insurers and Policyholders.

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

Sec. 1. 24 MRSA § 2316, 6th sentence, as repealed and replaced by PL 1979, c. 541, Pt. B, § 30, is amended to read:

No contracts may be delivered or issued for delivery in this State unless they meet the requirements of Title 24-A, sections 2438 to 2445 and section 2747.

Sec. 2. 24-A MRSA § 2747 is enacted to read:

§ 2747. Arbitration

1. Any holder of a policy of health insurance, issued after January 1, 1983, whether an individual or group policy, shall have the opportunity to arbitrate any dispute concerning coverage under the policy with the insurer. The right to arbitrate shall be set forth in the policy in 12-point boldface type as follows:

**YOU HAVE THE RIGHT TO ARBITRATE ANY DISPUTE ARISING OUT OF THE DENIAL OF BENEFITS UNDER THIS POLICY. SHOULD YOU DESIRE TO EXERCISE THIS RIGHT, YOU SHOULD FILE A STATEMENT REQUESTING ARBITRATION WITH THE INSURER WITHIN 60 DAYS FROM THE TIME YOU ARE NOTIFIED OF THE DENIAL.**

2. The arbitration shall be heard by a panel of 3 arbitrators. Within 5 days of the commencement of arbitration proceedings, the policyholder and the insurer shall each select one arbitrator and the superintendent shall select one neutral arbitrator.

3. The panel shall conduct a hearing on the dispute as soon as possible. The hearing shall be informal and the rules of evidence shall be as provided for in administrative proceedings in this State. The insurer has the burden of establishing that the denial of coverage was in accordance with the policy provisions.

4. The arbitration panel shall render its award and opinion within 30 days after the close of the hearing. A majority of the panel may grant any relief deemed equitable and just, including money damages.

5. An appeal from the arbitration shall be under the procedure and for the grounds permitted under the Uniform Arbitration Act, Title 14, chapter 706, and applicable court rules.

6. Except where contrary to the express provisions of this section, the arbitration shall be governed by the Uniform Arbitration Act, Title 14, chapter 706.

Sec. 3. 24-A MRSA § 2816, as last amended by PL 1973, c. 585, § 12, is amended to read:

**§ 2816. Requirements**

No policy of group or blanket health insurance shall, except as provided in section 2829, be delivered or issued for delivery in this State, unless the policy contains in substance each and all of the provisions set forth in sections 2817 to 2828 and section 2747, or provisions which in the opinion of the superintendent are more favorable to the holders of such certificates or not less favorable to the holders of such certificates and more favorable to policyholders.

**STATEMENT OF FACT**

The purpose of this bill is to provide a simplified procedure by which an insured may arbitrate the denial of coverage by a health insurer. When an insured is denied benefits retroactively, the financial impact on him is significant, but not normally enough to interest an attorney in pursuing court action. Arbitration would provide a faster and less costly mechanism to resolve the dispute. The bill provides for a transition period through January 1, 1983.