

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 793

H. P. 679

House of Representatives, February 11, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Canary of Oakland.

STATE OF MAINE

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

AN ACT to Prohibit Contractual Allowance in Health Insurance.

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

24 MRSA § 2303, sub-§ 5 is enacted to read:

5. All contracts under this section shall provide for hospital care, medical service or health care in accordance with rates established by the provider according to law and the use of a contractual allowance for less than those rates is prohibited.

STATEMENT OF FACT

The purpose of this bill is to prohibit the so-called "contractual allowance" which causes an inordinant share of health provider costs to be met by the private health insurance plans or direct payment by the patient.