

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

NO. 363

H.P. 280 House of Representatives, February 12, 1987
Reference to the Committee on Banking and Insurance
suggested and ordered printed.

EDWIN H. PERT, Clerk
Presented by Representative MANNING of Portland.
Cosponsored by Representative RACINE of Biddeford.

STATE OF MAINE

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

1 AN ACT to Make State Law Regarding
2 Continuation of Group Health Insurance
3 Coverage Consistent with Federal Law.
4

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

7 Sec. 1. 24 MRSA §2330, sub-§11, ¶D, as enacted
8 by PL 1985, c. 684, §1, is amended to read:

9 D. The payment amount for continued group cover-
10 age under this subsection may not exceed the max-
11 imum percentage allowed under federal law of the
12 group rate in effect for a group member, includ-
13 ing an employer's contribution, if any.

14 Sec. 2. 24-A MRSA §2809-A, sub-§11, ¶D, as en-
15 acted by PL 1985, c. 684, §2, is amended to read:

1 D. The payment amount for continued group cover-
2 age under this subsection may not exceed the max-
3 imum percentage allowed under federal law of the
4 group rate in effect for a group member, includ-
5 ing an employer's contribution, if any.

6 STATEMENT OF FACT

7 The Second Regular Session of the 112th Legisla-
8 ture enacted PL 1985, chapter 684, which provides
9 that under certain circumstances employees whose em-
10 ployment is terminated may elect to continue group
11 health insurance coverage for up to 6 or 12 months,
12 depending upon the nature of termination. Under that
13 chapter the employee would pay a premium for coverage
14 that was not to exceed the group rate.

15 At the same time, the 99th Congress enacted the
16 Consolidated Omnibus Budget Reconciliation Act of
17 1986, COBRA, PL 99-272, which provides that under
18 circumstances more broad than those set out by the
19 State, employees may elect to continue group health
20 insurance coverage for up to 18 or 36 months, depend-
21 ing upon the nature of termination.

22 The federal law presently permits nonprofit medi-
23 cal service providers and health insurers to charge
24 an extra 2% of premium in excess of the group rate in
25 order to pay the increased administrative expenses of
26 continuation. State law limits the amount that non-
27 profit medical service providers and health insurers
28 may charge for continuation to the group rate and
29 prevents insurers and self-insurers from recovering a
30 portion of their administrative costs.

1 This bill makes state law consistent with federal
2 law in this regard by allowing nonprofit medical ser-
3 vice providers and health insurers to charge a premi-
4 um for continued group health insurance that is not
5 to exceed the maximum percentage allowed under feder-
6 al law of the group rate. That maximum percentage
7 currently is 102%.

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