

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 1705

S.P. 611

In Senate, May 25, 1989

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator COLLINS of Aroostook.

Cosponsored by Representative CURRAN of Westbrook, Senator THERIAULT of Aroostook and Representative RAND of Portland.

STATE OF MAINE

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

An Act to Prohibit Unfair Rating Practices in Small Group Health Insurance.



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

3 24-A MRS §2184 is enacted to read:

5 §2184. Unfair rating practices in group health insurance

7 1. No insurer may increase group health insurance premium
9 rates for groups with fewer than 50 members on the basis of the
11 claims experience of the groups.

13 2. No insurer may increase group health insurance premium
15 rates on a basis which discriminates between different subgroups
17 of a group according to the claims experience of the subgroups.

19 3. This section shall apply to all policies and any
21 certificates executed, delivered, issued for delivery, continued
23 or renewed in this State on or after January 1, 1990. For
25 purposes of this section, all contracts shall be deemed to be
27 renewed no later than the next yearly anniversary of the contract
29 date.

31 STATEMENT OF FACT

33 This bill prohibits certain rating practices in group health
35 insurance. Currently, small employers may be classified
37 according to claims experience, despite the fact that these
employers are too small to have credible experience. As a
result, a small employer can receive a rate increase exceeding
100% when one employee or dependent has cancer or some other
condition resulting in a large claim. In this way, initial rates
remain relatively low and attract new business, but groups with
unhealthy members are forced to terminate coverage. Thus,
individuals with health problems are left with no coverage even
though they were insured at the onset of the condition. This
bill would prohibit this practice.