

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 546, L.D. 783, Bill, "An Act to Amend the Law Concerning the Maine High-Risk Insurance Organization"

Amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'Sec. 1. 24-A MRSA §6052, sub-§3, as enacted by PL 1987, c. 542, Pt. H, §5, is amended to read:

3. Board of directors established. The Governor shall appoint a board of directors for the organization. The board shall-be is composed of 7 members. Six of those members shall must represent the following interests: Two members shall must represent consumers of health insurance who are not otherwise affiliated with the provision or financing of health care; one member shall must represent domestic commercial insurers; one member shall must represent nonprofit hospital and medical service organizations; one member shall must represent hospitals; and one member shall must be the Superintendent of Insurance, or his a designee. Appointments shall-be are for 5-year terms, except that no more than 2 members' terms may expire in any one calendar year. Appointments for terms of less than 5 years may be made initially and to replace vacancies, if necessary, to maintain the appropriate staggered terms of office. Members serve until their successors are appointed and qualified. The Governor shall designate the ~~chairman~~ chair of the board. The ~~chairman~~ chair of the board shall schedule an organizational meeting within 60 days of appointment.

Sec. 2. 24-A MRSA §6053, sub-§§5 and 7, as enacted by PL 1987, c. 542, Pt. H, §5, are amended to read:

5. Select program administrator. Select an--administering insurer a program administrator;

7. Report. Report to the joint standing committees of the Legislature having jurisdiction over appropriations and financial

2 affairs, insurance and human resources by February April 1st of
each year. The report shall must include the following:

4 A. Experience under the funding plan and recommendations
for further funding;

6 B. Experience regarding administrative costs and
8 recommendations regarding an amount of or the need for a
statutory cap;

10 C. Experience regarding the subsidy program and
12 recommendations for future aspects of the subsidy program;
and

14 D. An annual audited financial statement certified by an
16 independent certified public accountant.

18 Sec. 3. 24-A MRS §6055, as amended by PL 1989, c. 308, §3,
is further amended to read:

20 **§6055. Program administrator**

22 1. Selection process. The board shall select an ~~insurer or~~
24 ~~insurers--authorized--to--write--health--insurance~~ a program
26 administrator through a competitive bidding process to administer
the organization. The board shall evaluate bids submitted based
on criteria established by the board ~~which includes that include:~~

28 A. The ~~insurer's~~ program administrator's proven ability to
30 handle individual accident and health insurance;

32 B. The efficiency of the ~~insurer's--claim--paying~~ program
34 administrator's claim-paying procedures;

36 C. An estimate of total charges for administering the plan;
and

38 D. The ~~insurer's~~ program administrator's ability to
40 administer the plan in a cost efficient manner.

42 2. Term and subsequent appointment. Term and subsequent
appointment shall ~~be~~ are structured as follows.

44 A. The ~~administering-insurer shall serve for a period of 3~~
46 years initial program administrator serves until June 30,
1992, subject to removal for cause. The terms of subsequent
48 program administrators must be set by the board of directors.

50 B. At least one year prior to the expiration of the 3-year
period of service by an ~~administering-insurer~~ a program
administrator, the board shall invite all insurers, and

2 ~~3rd-party administrators,~~ including the current
3 ~~administering-insurer program administrator,~~ to submit bids
4 to serve as the ~~administering-insurer program administrator~~
5 for the any succeeding 3-year period. Selection of the
6 ~~administering-insurer program administrator~~ for the
7 succeeding period shall must be made at least 6 months prior
8 to the end of the current 3-year period.

9
10 3. ~~Administering-insurer program administrator~~
11 shall:

12 A. Perform all eligibility and administrative claims
13 payment functions relating to the organization;

14 B. Establish a premium billing procedure for collection of
15 premiums from insured persons. Billings shall must be made
16 on a periodic basis as determined by the board;

17 C. Perform all necessary functions to assure timely payment
18 of benefits to covered persons under the organization,
19 including:

20
21 (1) Making available information relating to the
22 proper manner of submitting a claim for benefits to the
23 organization and distributing forms upon which
24 submission shall must be made; and

25 (2) Evaluating the eligibility of each claim for
26 payment by the organization;

27 D. Submit regular reports to the board regarding the
28 operation of the organization, the frequency, content and
29 form of which shall must be determined by the board;

30 E. Following the close of each fiscal year, determine net
31 written and earned premiums, the expense of administration
32 and the paid and incurred losses for the year and report
33 this information to the board on a form as prescribed by the
34 board; and

35 F. Be paid as provided in the plan of operation for its
36 expenses incurred in the performance of its services.

37
38 Sec. 4. 24-A MRSA §6059, sub-§§1 to 3, as enacted by PL 1987,
39 c. 542, Pt. H, §5, are amended to read:

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41 1. Reasonableness. Premiums charged for coverages issued
42 by the organization may not be unreasonable for the group or the
43 individual in relation to the benefits provided, the risk
44 experience and the reasonable expenses of providing the coverage.
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