

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

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Legislative Document

No. 1314

H.P. 917

House of Representatives, March 27, 1991

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

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative PLOURDE of Biddeford.

Cosponsored by Representative CARROLL of Gray and Representative HASTINGS of Fryeburg.

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STATE OF MAINE

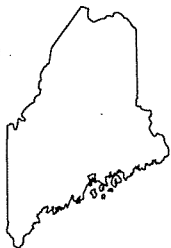
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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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**An Act to Require that Health Care Provide Guaranteed Insurance.**

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

24-A MRSA §§2849-C to 2849-E are enacted to read:

§2849-C. Continuity of coverage for groups covering one to 100 lives

1. Policies subject to this section. This section applies to all group policies, except group long-term care policies as defined in section 5051 and group long-term disability policies, issued by insurers or health maintenance organizations for groups in which one to 100 lives are covered in replacement for another group policy. For purposes of this section, the group policy issued to replace the prior contract or policy is the "replacement policy." The group contract or policy being replaced is the "replaced contract or policy."

2. Persons provided continuity of coverage. This section provides continuity of coverage for a person who was covered under the replaced contract or policy at least 90 days prior to the termination of the replaced contract or policy. This section does not require that the replacement policy provide the same coverage as the replaced contract or policy. Continuity of coverage is not required as to benefits provided in the replaced policy and not provided in the replacement policy.

3. Prohibition against discontinuity. In a replacement policy subject to this section, an insurer or health maintenance organization may not, for any person described in section 2:

A. Request that the person provide or otherwise seek to obtain evidence of insurability;

B. Decline to enroll the person on the basis of evidence of insurability if the person is otherwise eligible for coverage;

C. Impose a preexisting condition exclusion period or waiting period on that person; or

D. Require an exclusion or rider.

4. Medical question allowed. For purposes of determining what type of policy to offer to the group and the premium to be charged, the succeeding health insurer or health maintenance organization may ask individuals in the group only one initial question: whether during the past 12 months any employee or dependent of an employee has incurred medical expenses that exceed \$8,500. An employee who answered that more than \$8,500 of medical expenses were incurred in the past 12 months may be asked additional questions for medical underwriting purposes.

2 5. New enrollees and persons covered for less than 90  
3 days. A person who was not covered under the replaced contract  
4 or policy or who was covered for fewer than the last 90 days of  
5 the contract or policy may be required to satisfy a preexisting  
6 condition exclusion of 6 months. The policy or contract may  
7 exclude coverage for up to 12 months for any preexisting  
8 condition for which, for the 6-month period preceding the  
9 effective date of coverage, the person has incurred charges,  
10 received medical treatment, consulted a physician or taken  
11 prescription drugs.

12 **§2849-D. Continuity of coverage for individuals**

14 1. Policies subject to this section. This section applies  
15 to all policies issued by health insurers or health maintenance  
16 organizations for individual coverage.

18 2. Persons provided continuity of coverage. This section  
19 provides continuity of coverage for all individuals who have had  
20 health insurance or health maintenance organization coverage who  
21 seek a replacement contract or policy.

22 A. When a person enrolls in a new contract or policy within  
23 30 days of the termination of the prior contract or policy,  
24 the insurer or health maintenance organization is limited in  
25 its underwriting inquiry to whether the person incurred  
26 medical expenses exceeding \$6,000 in the past 12 months.

28 B. When a person enrolls in a new contract or policy within  
29 30 days of the termination of the prior contract or policy  
30 and the person did not incur medical expenses exceeding  
31 \$6000 in the past 12 months, an insurer or health  
32 maintenance organization must waive any medical underwriting  
33 or preexisting condition exclusion to the extent that  
34 benefits would have been payable under the prior contract or  
35 policy if the prior contract or policy were still in effect.

37 C. If a person incurred medical expenses exceeding \$6,000 in  
38 the past 12 months, medical underwriting is permitted.

40 **§2849-E. Maine Health Insurance Continuity Pool**

42 1. Establishment. The Maine Health Insurance Continuity  
43 Pool, to be known in this section as "the pool," is established  
44 to provide an additional source of health insurance or health  
45 maintenance organization coverage.

47 2. Participation. All insurers authorized to write health  
48 insurance or health maintenance organization coverage in this  
49 State must participate in the Maine Health Insurance Continuity  
50 Pool. The pool is not a state fund and the State has no  
51 proprietary interest in it or in any contributions made to it.

2 The pool is exempt from any budgetary control or supervision by  
3 state agencies, except to the extent an insurance company is  
4 supervised or controlled by state agencies.

5 3. Eligibility. Persons who are ineligible for health  
6 insurance or health maintenance organization coverage under  
7 sections 2849-C and 2849-D because of medical underwriting or  
8 preexisting conditions are eligible for coverage under the pool.

9 4. Plan of operation. The superintendent shall adopt rules  
10 pursuant to Title 5, chapter 375, subchapter II, establishing a  
11 plan of operation for the pool. The plan of operation must  
12 contain those terms determined necessary by the superintendent.  
13 The superintendent may enter into contracts for the provision of  
14 any services necessary or appropriate to the operation of the  
15 pool and may retain consultants to provide other technical and  
16 professional services as the superintendent may require.

17 5. Report. The superintendent shall report annually to the  
18 joint standing committee of the Legislature having jurisdiction  
19 over insurance matters on the activity of the pool, the insurance  
20 and health coverage issued through the pool and the percentage of  
21 health insurance and health maintenance organization coverage  
22 written through the pool in this State.

## 26 STATEMENT OF FACT

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29 This bill provides continuity of health care in insurance  
30 coverage for group members and individuals. It restricts the  
31 questions that may be asked of applicants for the replacement  
32 insurance and the use of the medical history information. The  
33 bill establishes the Maine Health Insurance Continuity Pool,  
34 through which persons ineligible because of medical underwriting  
35 or preexisting conditions may obtain insurance from an insurer.  
36 All insurers issuing health insurance and health maintenance  
coverage must participate in the pool.