

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

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Legislative Document

No. 1039

S.P. 342

In Senate, March 25, 1993

**An Act to Reform the Insurance Code Laws.**

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Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

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 HANLEY of Oxford.

Cosponsored by Senator: BRANNIGAN of Cumberland, Representative: TRACY of Rome.

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

PART A

Sec. A-1. 24 MRSA §2332-E is enacted to read:

**§2332-E. Standardized claim forms**

The superintendent shall prescribe, by rule, standardized claim forms, which must be used on or after January 1, 1994 by all nonprofit hospital or medical service organizations, nonprofit health care plans, health maintenance organizations, administrators who administer claims and insurers providing individual or group medical expense insurance on an expense-incurred basis.

Sec. A-2. 24-A MRSA §1912 is enacted to read:

**§1912. Standardized claim forms**

The superintendent shall prescribe, by rule, standardized claim forms, which must be used on or after January 1, 1994 by all nonprofit hospital or medical service organizations, nonprofit health care plans, health maintenance organizations, administrators who administer claims and insurers providing individual or group medical expense insurance on an expense-incurred basis.

Sec. A-3. 24-A MRSA §2680 is enacted to read:

**§2680. Standardized claim forms**

The superintendent shall prescribe, by rule, standardized claim forms, which must be used on or after January 1, 1994 by all nonprofit hospital or medical service organizations, nonprofit health care plans, health maintenance organizations, administrators who administer claims and insurers providing individual or group medical expense insurance on an expense-incurred basis.

Sec. A-4. 24-A MRSA §2753 is enacted to read:

**§2753. Standardized claim forms**

The superintendent shall prescribe, by rule, standardized claim forms, which must be used on or after January 1, 1994 by all nonprofit hospital or medical service organizations, nonprofit health care plans, health maintenance organizations, administrators who administer claims and insurers providing individual or group medical expense insurance on an expense-incurred basis.

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Sec. A-5. 24-A MRSA §2823-B is enacted to read:

**§2823-B. Standardized claim forms**

The superintendent shall prescribe, by rule, standardized claim forms, which must be used on or after January 1, 1994 by all nonprofit hospital or medical service organizations, nonprofit health care plans, health maintenance organizations, administrators who administer claims and insurers providing individual or group medical expense insurance on an expense-incurred basis.

Sec. A-6. 24-A MRSA §4235 is enacted to read:

**§4235. Standardized claim forms**

The superintendent shall prescribe, by rule, standardized claim forms, which must be used on or after January 1, 1994 by all nonprofit hospital or medical service organizations, nonprofit health care plans, health maintenance organizations, administrators who administer claims and insurers providing individual or group medical expense insurance on an expense-incurred basis.

**PART B**

Sec. B-1. 24-A MRSA §2754 is enacted to read:

**§2754. Health insurance applications**

1. Application. Health insurance applications must include the following language set out conspicuously and next to the applicant's signature block on the application, except that the insurer may, at the insurer's option, substitute different wording approved by the superintendent which is not less favorable in any respect to any applicant:

"IMPORTANT NOTICE ABOUT STATEMENTS IN THE MEDICAL HISTORY PORTION OF THIS APPLICATION. We base our decision to issue a policy on the information you provide in this application. We are under no obligation to obtain your medical records to verify this information. Should we issue the policy based on incorrect or incomplete information, your claim may be denied and your policy rescinded as of the policy's inception should we later learn of any errors or omissions on the application. You may wish to obtain your medical records and submit them with this application to prevent this occurrence."

**PART C**

Sec. C-1. 24-A MRSA §1904, sub-§1, ¶C, as enacted by PL 1989, c. 846, Pt. D, §2 and affected by Pt. E, §4, is amended to read:

2 C. For an administrator that maintains an ATF and a CASA,  
3 the greater of ~~the amounts determined under paragraph A or B~~  
4 \$50,000 or 5% of contributions and premiums projected to be  
5 received or collected in the ATF for the following plan year  
6 from residents of the State plus 5% of the claims and claim  
7 expenses projected to be held in the CASA accounts for the  
8 following year to pay claims and claim expenses for  
9 residents of the State, but not to exceed \$1,000,000.

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11 **PART D**

12 **Sec. D-1. 24-A MRSA §2304-D** is enacted to read:

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14 **§2304-D. Automobile rating classifications**

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16 The superintendent shall by rule prescribe standards for  
17 mandatory policy disclosure of the rating classifications  
18 employed to establish a premium for private passenger automobile  
19 insurance.

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21 **PART E**

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23 **Sec. E-1. 24-A MRSA §2771, sub-§3, ¶A,** as enacted by PL 1989,  
24 c. 556, Pt. C, §2, is amended to read:

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26 A. The process by which the entity carries out its  
27 utilization review services, ~~including~~ . The information  
28 provided to the bureau must include the categories of health  
29 care personnel that perform any activities coming under the  
30 definition of utilization review and whether or not these  
31 individuals are licensed in the State and all medical  
32 utilization review criteria employed in the review process  
33 by these individuals. Updated medical utilization review  
34 criteria must be filed with an application for renewal of a  
35 license;

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37 **PART F**

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39 **Sec. F-1. 24-A MRSA §216-A** is enacted to read:

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41 **§216-A. Complaint ratios**

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43 The superintendent may disclose insurer complaint or  
44 investigative records to the public, during the pendency or  
45 subsequent to the completion of an investigation, in the form of  
46 complaint ratios.

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48 **PART G**

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50 **Sec. G-1. 24-A MRSA §2401, sub-§2,** as enacted by PL 1969, c.  
51 132, §1, is amended to read:

2. Policies Unless otherwise specifically indicated,  
2 policies or contracts not issued for delivery in this State nor  
4 delivered in this State; and

6 Sec. G-2. 24-A MRSA §2803, as repealed and replaced by PL  
1981, c. 147, §1, is amended to read:

8 **§2803. Requirements**

10 No A policy of group health insurance may not be delivered  
12 in this State, nor may any certificate of group health insurance  
14 that derives from a policy issued in another state be delivered  
16 in this State unless it the group policyholder conforms to one of  
18 the descriptions set forth in sections 2804 to 2809.

16 **STATEMENT OF FACT**

18 Currently, health care providers must deal with a wide  
20 variety of claim forms used by different insurers. This bill  
22 requires insurers to accept standardized forms, to be prescribed  
24 by the Superintendent of Insurance. This should promote more  
efficient delivery of care. Several states have adopted similar  
legislation.

26 This bill requires a notice on all health insurance  
28 applications warning the applicant of the importance of answering  
all questions on the medical history portion of the application  
truthfully and completely.

30 This bill amends the current bonding requirement for  
32 third-party administrators to ensure that the bonding requirement  
34 for third-party administrators with both claims administration  
36 services accounts and administrator trust fund accounts be as  
rigorous as the requirements for third-party administrators that  
have only a claims administration services account or only an  
administrator trust fund account.

38 This bill requires private passenger automobile policies to  
40 provide additional disclosure of rating classifications used to  
42 establish premium rates. This will permit consumers to determine  
44 whether their policies have been classified accurately. The  
Superintendent of Insurance is required to adopt specific  
standards by rule.

46 This bill requires medical utilization review entities to  
48 base medical necessity decisions on formal medical utilization  
review criteria and would give the Bureau of Insurance a means of  
50 knowing that medical necessity decisions are consistent with this  
criteria when consumer complaints are filed.

2           This bill permits insurer complaint ratios to be provided to  
the public. Complaint ratios will provide valuable information  
4           to the public and permit consumers to make more informed  
decisions prior to purchasing insurance.

6           This bill amends the applicability provisions of 2 chapter  
of the insurance code, which were never amended to reflect recent  
8           additions to those chapters.