

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

Legislative Document

No. 1914

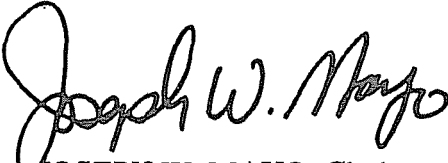
H.P. 1405

House of Representatives, February 18, 1994

An Act to Clarify the Opportunity for Small Employers to Purchase Health Insurance.

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Banking and Insurance suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative RYDELL of Brunswick.
Cosponsored by Representatives: CARLETON of Wells, COLES of Harpswell, KERR of Old Orchard Beach, MARTIN of Eagle Lake, MELENDY of Rockland, RAND of Portland, WALKER of Blue Hill, Senator: McCORMICK of Kennebec.

2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 **Whereas,** access to health insurance through the small group
health insurance market is critical to the health care of many
citizens of the State; and

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10 **Whereas,** part-time employees are not covered presently in
the small group health insurance laws and require coverage to
secure health care; and

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14 **Whereas,** the utilization review procedures of health
maintenance organizations conflict with the rules adopted by the
Bureau of Insurance for the 2 standard small group health plans;
and

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18 **Whereas,** it is necessary to resolve the conflict between the
utilization review procedures and the rules of the Bureau of
Insurance in order for the health maintenance organizations to
administer their contracts of health care; and

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22 **Whereas,** these 2 issues require resolution as soon as
possible to bring about consistency and effectiveness in the
administration of health insurance and health care delivery in
the State; and

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26 **Whereas,** in the judgment of the Legislature, these facts
create an emergency within the meaning of the Constitution of
Maine and require the following legislation as immediately
necessary for the preservation of the public peace, health and
safety; now, therefore,

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

36 **Sec. 1. 24-A MRSA §2808-B, sub-§1, ¶¶ C and D, as enacted by PL**
1991, c. 861, §2, are amended to read:

38
40 C. "Eligible employee" means an employee who works on a
full-time basis, with a normal work week of 30 hours or
more. "Eligible employee" includes a sole proprietor, a
partner of a partnership or an independent contractor, but
does not include employees who work on a part-time,
42 temporary or substitute basis. An employer may elect to
44 treat as an eligible employee a part-time employee who works
46 a normal work week of 10 hours or more and an employee who
48 retires from the employer's employment.

50 D. "Eligible group" means any person, firm, corporation,
partnership, association or subgroup engaged actively in a
business that during at least 50% of its working days in the
preceding calendar quarter employed ~~fewer than~~ 2 to 24

2 eligible employees, the majority of whom are employed within
4 the State. In determining the number of eligible employees,
6 companies that are affiliated companies or that are eligible
8 to file a combined tax return for purposes of state taxation
are considered one employer. In the calculation of carrier
percentage participation requirements, eligible employees
and their dependents who have existing health care coverage
may not be considered in the calculation.

10 **Sec. 2. 24-A MRSA §2808-B, sub-§8**, as enacted by PL 1991, c.
12 861, §2, is amended to read:

14 **8. Standardized plans.** The superintendent shall by rule
16 define 2 standardized small group health plans that must be
18 offered by all carriers offering small group health plans in the
20 State. An association group organized pursuant to section 2805-A
22 or a trustee group organized pursuant to section 2806 may offer
24 one or both plans to its subgroups. The plans must consist of a
standard plan and a basic plan. Both plans must meet the
requirements for mandated coverage for specific health services,
specific diseases and for certain providers of health services
under Title 24 and this Title applicable to small group health
plans. As used in this subsection:

26 A. "Standard plan" means a plan that is similar to those
plans typically sold to small employers; and

28 B. "Basic plan" means a plan that emphasizes preventative
30 care and that contains reasonable but lesser benefits than
32 the standard plan to the extent necessary to reduce the
anticipated cost of the plan by 20%.

34 The premium rate charged by a carrier for the basic plan may not
36 exceed 80% of the corresponding premium rate charged by that
carrier for the standard plan.

38 A health maintenance organization authorized pursuant to chapter
40 56 may impose penalties in its 2 standardized small group health
42 plans through its utilization review procedures that apply per
admission or per encounter. Those penalties must be consistent
with the normal requirements applicable to benefits in that
health maintenance organization.

44 **Emergency clause.** In view of the emergency cited in the
46 preamble, this Act takes effect when approved.

STATEMENT OF FACT

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4 This bill adds part-time employees who work at least 10
6 hours per week and retirees to the employees eligible for
8 coverage under the small employer health insurance laws. It
10 changes the number in the eligible group from fewer than 25
12 employees to from 2 to 24 employees. It allows a health
14 maintenance organization in its 2 standardized group health plans
16 to impose penalties through its utilization review procedures
18 that apply per admission or per encounter. The penalties must be
20 consistent with the normal requirements applicable to benefits in
that health maintenance organization.

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18 This document has not yet been reviewed to determine the
20 need for cross-reference, stylistic and other technical
amendments to conform existing law to current drafting standards.