

# MAINE STATE LEGISLATURE

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R d S.

L.D. 442

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DATE: 4/19/95

(Filing No. H-124 )

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MAJORITY  
BANKING AND INSURANCE

10 Reproduced and distributed under the direction of the Clerk of  
12 the House.

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
117TH LEGISLATURE  
FIRST REGULAR SESSION

18  
20 COMMITTEE AMENDMENT "A" to H.P. 321, L.D. 442, Bill, "An  
Act to Include Short-term Health Insurance Policies in the  
Continuity Laws"

22 Amend the bill by striking out the title and substituting  
24 the following:

26 '**An Act to Exclude Short-term Health Insurance Policies in the  
Continuity Laws**'

28 Further amend the bill by striking out all of section 2 and  
30 inserting in its place the following:

32 '**Sec. 2. 24 MRSA §2349, sub-§2, ¶A**, as amended by PL 1993, c.  
666, Pt. D, §2, is further amended to read:

34  
36 A. That person was covered under an individual or group  
contract or policy, except for a short-term contract, issued  
38 by any insurer, health maintenance organization, nonprofit  
hospital or medical service organization, or was covered  
40 under an uninsured employee benefit plan that provides  
payment for health services received by employees and their  
dependents or a governmental program such as Medicaid, the  
42 Maine Health Program, as established in Title 22, section  
3189, the Maine High-Risk Insurance Organization, as  
44 established in Title 24-A, section 6052, and the Civilian  
Health and Medical Program of the Uniformed Services, 10  
United States Code, Section 1072, Subsection 4. For  
46 purposes of this section, the individual or group contract  
under which the person is seeking coverage is the  
48 "succeeding contract." The group or individual contract or  
policy or the uninsured employee benefit plan that  
50 previously covered the person is the "prior contract or  
52 policy"; and

**COMMITTEE AMENDMENT**

Sec. 3. 24 MRSA §2349, sub-§8 is enacted to read:

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8. Short-term insurance. A person eligible for continuity of coverage under subsection 2 may be allowed to purchase coverage under an individual, nonrenewable short-term policy. The issuance of a short-term policy is subject to the following conditions.

A. Upon offering an individual short-term policy for purchase, an insurer or the insurer's agent or broker must provide written disclosure of the terms and benefits of the policy. Specific disclosure that the short-term policy is not subject to any limitation on preexisting condition exclusions or the provisions of guaranteed renewal and continuity of coverage is required.

B. An insurer or the insurer's agent or broker may not issue a short-term policy that replaces a prior short-term policy if the combined term of the new policy and all prior successive policies exceed 12 months. All individuals making an application for coverage under a short-term policy must disclose any prior coverage under a short-term policy and the policy duration.'

Further amend the bill by striking out all of section 5 and inserting in its place the following:

'Sec. 5. 24-A MRSA §2849-B, sub-§2, ¶A, as amended by PL 1993, c. 666, Pt. D, §4, is further amended to read:

A. That person was covered under an individual or group contract or policy, except for a short-term contract, issued by any nonprofit hospital or medical service organization, insurer, health maintenance organization, or was covered under an uninsured employee benefit plan that provides payment for health services received by employees and their dependents or a governmental program such as Medicaid, the Maine Health Program, as established in Title 22, section 3189, the Maine High-Risk Insurance Organization, as established in section 6052 or the Civilian Health and Medical Program of the Uniformed Services, 10 United States Code, Section 1072, Subsection 4. For purposes of this section, the individual or group policy under which the person is seeking coverage is the "succeeding policy." The group or individual contract or policy or the uninsured employee benefit plan that previously covered the person is the "prior contract or policy";

Sec. 6. 24-A MRSA §2849-B, sub-§8 is enacted to read:

18.  
2 8. Short-term insurance. A person eligible for continuity  
3 of coverage under subsection 2 may be allowed to purchase  
4 coverage under an individual, nonrenewable short-term policy.  
5 The issuance of a short-term policy is subject to the following  
6 conditions.

7  
8 A. Upon offering an individual short-term policy for  
9 purchase, an insurer or the insurer's agent or broker must  
10 provide written disclosure of the terms and benefits of the  
11 policy. Specific disclosure that the short-term policy is  
12 not subject to any limitation on preexisting condition  
13 exclusions or the provisions of guaranteed renewal and  
14 continuity of coverage is required.

15  
16 B. An insurer or the insurer's agent or broker may not  
17 issue a short-term policy that replaces a prior short-term  
18 policy if the combined term of the new policy and all prior  
19 successive policies exceed 12 months. All individuals  
20 making an application for coverage under a short-term policy  
21 must disclose any prior coverage under a short-term policy  
22 and the policy duration.'

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24 Further amend the bill by relettering or renumbering any  
25 nonconsecutive Part letter or section number to read  
26 consecutively.

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28 Further amend the bill by inserting at the end before the  
statement of fact the following:

30 **'FISCAL NOTE**

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32 The Bureau of Insurance will incur some minor additional  
33 costs to process any additional insurer filings that may occur as  
34 a result of changes in the continuity of coverage requirements.  
35 These costs can be absorbed within the bureau's existing budgeted  
36 resources.'

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38 **STATEMENT OF FACT**

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40 This amendment adds a new title that clarifies the original  
41 intent of the bill.

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43 This amendment clarifies that individuals covered under  
44 short-term policies are not provided continuity of coverage if  
45 they seek coverage under a guaranteed renewable contract.

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47 This amendment requires insurers, agents and brokers to make  
48 full disclosure that the short-term policy is exempt from

COMMITTEE AMENDMENT "A" to H.P. 321, L.D. 442

2 continuity of coverage, guaranteed renewal and any limitation on  
preexisting condition exclusions.

4 This amendment also requires individuals to disclose prior  
6 coverage, if any, under a short-term policy when making an  
application for individual, short-term health insurance.