

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 841

S.P. 302

In Senate, March 14, 1995

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**An Act to Amend the Approval Requirements for Medicare Supplement Insurance Policies.**

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

A handwritten signature in cursive script that reads "May M. Ross".

MAY M. ROSS  
Secretary of the Senate

Presented by Senator CARPENTER of York.  
Cosponsored by Senator LORD of York and  
Senators: CAREY of Kennebec, RUHLIN of Penobscot, Representatives: GATES of  
Rockport, MARVIN of Cape Elizabeth, NADEAU of Saco.

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

2           **Sec. 1. 24 MRSA §2321, sub-§1**, as amended by PL 1991, c. 48,  
4 §1, is further amended to read:

6           **1. Filing of rate information.** Every nonprofit hospital  
and medical service organization shall ~~shall~~ must file with the  
8 superintendent, except as to group subscriber and membership  
contracts other than group ~~Medicare--supplement--contracts--as~~  
10 ~~defined--in--Title--24--A,--chapter--67--and--group~~ nursing home or  
long-term care contracts as defined in Title 24-A, chapter 68,  
12 every rate, rating formula and every modification of any of the  
foregoing that it proposes to use. Every filing under this  
14 subsection must state the effective date of the filing. Every  
filing under this subsection must be made not less than 90 days  
16 in advance of the stated effective date unless the 90-day  
requirement is waived by the superintendent and the effective  
18 date may be suspended by the superintendent for a period of time  
not to exceed 30 days. In the case of nursing home and long-term  
20 contracts, rates filed prior to August 1, 1986, are effective  
until no later than August 1, 1989. Rates filed on or after  
22 August 1, 1986, for these types of contracts are effective for no  
more than 3 years, except that rates for contracts with  
24 guaranteed level premiums are effective for the duration of the  
contract.

26           **Sec. 2. 24 MRSA §2327**, as amended by PL 1985, c. 648, §2, is  
28 further amended to read:

30           **§2327. Group rates**

32           No group health care contract may be issued by a nonprofit  
hospital or medical service organization in this State until a  
34 copy of the group manual rates to be used in calculating the  
rates for these contracts has been filed for informational  
36 purposes with the superintendent. Notwithstanding this section,  
rates for group ~~Medicare--supplement~~, nursing home care or  
38 long-term care contracts must be filed in accordance with section  
2321.

40           **Sec. 3. 24-A MRSA §2736, sub-§1**, as repealed and replaced by  
42 PL 1985, c. 648, §10, is amended to read:

44           **1. Filing of rate information.** Every insurer shall file  
with the superintendent, except as to group policy rates other  
46 than those for group ~~Medicare--supplement--policies--as--defined--in~~  
~~chapter--67--and--group~~ nursing home care and long-term care  
48 insurance as defined in chapter 68, every rate, rating formula,  
classification of risks and every modification of any formula or  
50 classification ~~which~~ that it proposes to use. Every such filing

2 must state the effective date of the filing. Every such filing  
3 shall must be made not less than 60 days in advance of the stated  
4 effective date, unless the 60-day requirement is waived by the  
5 superintendent, and the effective date may be suspended by the  
6 superintendent for a period of time not to exceed 30 days. In the  
7 case of nursing home care and long-term care insurance policies,  
8 rates filed prior to August 1, 1986, shall be effective until no  
9 later than August 1, 1989. Rates filed on or after August 1,  
10 1986, for these types of policies shall-be are effective for no  
11 more than 3 years, except that rates for contracts with  
12 guaranteed level premiums shall-be are effective for the duration  
of the contract.

14 **Sec. 4. 24-A MRSA §2839**, as amended by PL 1985, c. 648, §11,  
is further amended to read:

16 **§2839. Rates filed**

18 No policy of group health insurance may be delivered in this  
19 State until a copy of the group manual rates to be used in  
20 calculating the premium for these policies has been filed for  
21 informational purposes with the superintendent. Notwithstanding  
22 this section, rates for group Medicare-supplement, nursing home  
23 care or long-term care insurance contracts must be filed in  
24 accordance with section 2736.

26 **Sec. 5. 24-A MRSA §5011, sub-§3** is enacted to read:

28 **3. Rate review.** Rates for Medicare supplement contracts  
29 and supporting documentation must be filed annually for  
30 informational purposes with the superintendent. Prior approval  
31 is required if a rate increase is requested or if the filing  
32 projects loss ratios less than the limits contained in section  
33 2413, subsection 1, paragraph F.

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**STATEMENT OF FACT**

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39 Due to standardization of Medicare supplement policies and  
40 community rating reform legislation, annual review and approval  
41 of Medicare supplement rates is no longer necessary. As long as  
42 no rate increase is requested and the rates meet minimum loss  
43 ratio standards, this bill requires filing every year for  
44 informational purposes.