

MAINE STATE LEGISLATURE

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Rd8

L.D. 1405

DATE: 6/12/95

(Filing No. H-445)

BANKING AND INSURANCE

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

COMMITTEE AMENDMENT "*A*" to H.P. 994, L.D. 1405, Bill, "An Act to Amend the Laws Concerning Health Insurance"

Amend the bill in Part A in section 1 in subsection 1 in the 16th line (page 1, line 23 in L.D.) by striking out the following: "that" and inserting in its place the following: 'that'

Further amend the bill in Part G by striking out all of sections 2, 4 and 5.

Further amend the bill in Part G by renumbering the sections to read to consecutively.

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

PART I

Sec. I-1. 24-A MRSA §4204, sub-§2-A, ¶J, as enacted by PL 1993, c. 702, Pt. B, §1, is amended to read:

J. The A health maintenance organization that offers coverage to groups in this State shall offer to groups of all sizes health benefit plans that meet the requirements for standardized health plans specified in Bureau of Insurance Rule Chapter 750.

Sec. I-2. 24-A MRSA §4204, sub-§2-A, ¶N, as enacted by PL 1993, c. 702, Pt. B, §1, is amended to read:

COMMITTEE AMENDMENT

2 N. Beginning July 1, 1995, the a health maintenance
3 organization that offers coverage to groups in the State
4 shall offer coverage for purchase by individuals.'

6 Further amend the bill in Part L by inserting after section
7 1 the following:

8
9 'Sec. L-2. 24-A MRSA §4222, sub-§4, as enacted by PL 1991, c.
10 861, §3 and affected by §4, is amended to read:

12 4. Section Sections 2803 and 2808-B applies apply to health
13 maintenance organizations except that a health maintenance
14 organization is not required to offer coverage or accept
15 applications from an eligible group located outside the health
16 maintenance organization's approved service area.'

18 Further amend the bill in Part M by inserting after section
19 5 the following:

20
21 'Sec. M-6. 24-A MRSA §2771, sub-§3, ¶A, as amended by PL 1993,
22 c. 171, Pt. B, §1, is further amended to read:

24 A. The process by which the entity carries out its
25 utilization review services. The information provided to the
26 bureau must include the categories of health care personnel
27 that perform any activities coming under the definition of
28 utilization review and whether or not these individuals are
29 licensed in the State and--all--medical--utilization--review
30 criteria---employed---in---the---review---process---by---these
31 individuals.---Updated--medical--utilization--review--criteria
32 must-be-filed-with-an-application-for-renewal-of-a-license.
33 The information provided to the bureau also must include
34 copies of any licensure agreements the utilization review
35 entity has in effect with any entity that sells or furnishes
36 the utilization review entity with medical utilization
37 review criteria and the expiration date of any such
38 agreements. If the utilization review entity develops its
39 own medical utilization review criteria, the utilization
40 review entity shall include copies of any policies and
41 procedures or both for the use of the criteria;

42
43 Sec. M-7. 24-A MRSA §2772, sub-§3-A is enacted to read:

44
45 3-A. Medical utilization review criteria. The licensee
46 must have written medical utilization review criteria to be
47 employed in the review process. The criteria must be available
48 for review as a part of any review conducted pursuant to section
49 2774, subsection 1 and a copy of the criteria must be provided to
50 the bureau upon request.'

2 Further amend the bill by inserting after Part N the
4 following:

6 **PART O**

8 **Sec. O-1. 24-A MRSA §4203, sub-§1**, as amended by PL 1993, c.
702, Pt. A, §11, is further amended to read:

10 1. Subject to the Maine Certificate of Need Act of 1978, a
12 person may apply to the superintendent for and obtain a
14 certificate of authority to establish, maintain, own, merge
16 with, organize or operate a health maintenance organization in
18 compliance with this chapter. A person may not establish,
20 maintain, own, merge with, organize or operate a health
22 maintenance organization in this State either directly as a
24 division or a line of business or indirectly through a subsidiary
or affiliate, nor sell or offer to sell, or solicit offers to
purchase or receive advance or periodic consideration in
conjunction with, a health maintenance organization without
obtaining a certificate of authority under this chapter. A
~~foreign corporation may qualify under this chapter, subject to
its registration to do business in this State as a foreign~~
corporation.

26 **Sec. O-2. 24-A MRSA §4204, sub-§2-A, ¶I**, as enacted by PL 1989,
c. 842, §10, is amended to read:

28 I. If any agreement, as set forth in paragraph D,
30 subparagraph (3) (2), division (c), is made by the health
32 maintenance organization, the entity executing the agreement
34 with the health maintenance organization must demonstrate to
36 the superintendent's satisfaction that the entity has
sufficient unencumbered surplus funds to cover the assured
payments under the agreement, otherwise the superintendent
shall disallow the agreement. In considering approval of
such an agreement, the superintendent shall consider the
38 entity's record of earnings for the most recent 3 years, the
40 risk characteristics of its investments and whether its
investments and other assets are reasonably liquid and
42 available to make payments for health services.

44 **Sec. O-3. 24-A MRSA §4207, sub-§2**, as enacted by PL 1975, c.
503, is amended to read:

46 2. No evidence of coverage, or amendment thereto, shall or
48 underlying contract may be issued or delivered to any person in
this State until a copy of the form of the evidence of coverage,
50 or amendment thereto and any underlying contract, has been filed
with and approved by the superintendent.

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2 **Sec. O-4. 24-A MRSA §4210, sub-§1**, as enacted by PL 1975, c.
3 503, is amended to read:

4
5 1. After a health maintenance organization has been in
6 operation 24 months, it shall have an annual open enrollment
7 period of at least one month during which it accepts enrollees up
8 to the limits of its capacity, as determined by the health
9 maintenance organization, in the order in which they apply for
10 enrollment. --A- To the extent not inconsistent with the
11 requirements of chapter 36 and sections 2736-C and 2808-B as
12 qualified by section 4222-B, subsection 3, a health maintenance
13 organization may apply to the superintendent for authorization to
14 impose such underwriting restrictions upon enrollment as are
15 necessary to preserve its financial stability, to prevent
16 excessive adverse selection by prospective enrollees, or to avoid
17 unreasonably high or unmarketable charges for enrollee coverage
18 for health care services. The superintendent shall approve or
19 deny such the application within 10 days of the receipt thereof
20 of that application from the health maintenance organization.

21 **Sec. O-5. 24-A MRSA §4210-A**, as enacted by PL 1989, c. 867,
22 §§9 and 10, is repealed.

23 **Sec. O-6. 24-A MRSA §4212, sub-§2**, as enacted by PL 1975, c.
24 503, is repealed and the following enacted in its place:

25 2. An enrollee may not be cancelled nor denied renewal
26 except for the following:

27 A. Fraud or material misrepresentation;

28 B. Failure to pay the charge for coverage;

29 C. When the provisions of the State's community rating law
30 are applicable, as provided by section 2736-C, subsection 3,
31 paragraph B and section 2808-B, subsection 4, paragraph B; or

32 D. Other reasons promulgated by the superintendent.

33 **Sec. O-7. 24-A MRSA §4222, sub-§4**, as enacted by PL 1991, c.
34 861, §3 and affected by §4, is repealed.

35 **Sec. O-8. 24-A MRSA §4222-B** is enacted to read:

36 **§4222-B. Applicability**

37 1. Every health maintenance organization licensed under
38 this chapter is considered an insurer for purposes of those
39 provisions of the insurance laws that do not expressly reference
40

health maintenance organizations, but are applicable to health maintenance organizations under this chapter.

2. The requirements of chapter 36, continuity of health insurance coverage law, apply to health maintenance organizations.

3. The requirements of sections 2736-C and 2808-B, community rating law, apply to health maintenance organizations, except that a health maintenance organization is not required to offer coverage or accept applications from an eligible group or individual located outside the health maintenance organization's approved service area.

4. The requirements of chapter 23 and any rules adopted pursuant to it, to the extent not inconsistent with this chapter and the reasonable implications of this chapter, apply to health maintenance organizations.

5. The requirements of section 222, subsections 2 to 9 and subsections 13 to 18 apply to domestic health maintenance organizations.

6. The requirements of chapter 57, subchapters I and II apply to domestic health maintenance organizations.

7. The requirements of sections 421 and 422 apply to health maintenance organizations.

8. The requirements of chapter 32, the Preferred Provider Arrangement Act of 1986, apply to health maintenance organizations only with respect to activities that are not otherwise authorized by chapter 56.

Sec. O-9. 24-A MRSA §4230, as enacted by PL 1989, c. 345, §2, is repealed.

Sec. O-10. 24-A MRSA §4231, sub-§3, as enacted by PL 1989, c. 842, §18, is repealed.

Sec. O-11. 24-A MRSA §4233, sub-§1, as enacted by PL 1993, c. 313, §36, is repealed.

PART P

Sec. P-1. 24-A MRSA §2671, sub-§1, as enacted by PL 1985, c. 704, §4, is amended to read:

1. "Administrator" means any person, partnership or corporation, other than an insurer, health maintenance

organization or nonprofit health service organization, that
arranges, contracts with or administers contracts with a provider
whereby in which beneficiaries are provided an incentive to use
the services of that provider.

PART Q

Sec. Q-1. Bureau of Insurance report required. The Bureau of
Insurance shall report to the joint standing committee of the
Legislature having jurisdiction over banking and insurance
matters on or before January 1, 1996 on the alternatives for
clarifying the guaranteed issuance requirement for small group
health plans under the Maine Revised Statutes, Title 24-A,
section 2808-B. The committee may then report out legislation
based on the bureau's report.'

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

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

FISCAL NOTE

The Bureau of Insurance within the Department of
Professional and Financial Regulation will incur some minor
additional costs to administer certain requirements, to submit a
required report to the Legislature and to process any additional
rate filings that may occur. These costs can be absorbed within
the bureau's existing budgeted resources.'

STATEMENT OF FACT

This amendment does the following.

1. It removes sections that have already been enacted in
Public Law 1995, chapter 19.

2. It clarifies that only health maintenance organizations
otherwise offering coverage in this State are required to offer
standardized small group and individual plans.

3. It clarifies the definition of "group" for health
maintenance organizations.

R 618.

COMMITTEE AMENDMENT "A" to H.P. 994, L.D. 1405

- 2 4. It removes the requirement that medical utilization
4 review criteria be routinely filed with the Bureau of Insurance,
 although utilization review entities are required to have
 appropriate review criteria rules and procedures in place.

- 6 5. It makes technical changes to the Maine Revised
8 Statutes, Title 24-A, chapter 56, Health Maintenance
 Organizations, to clarify the application of other provisions of
10 the Maine Insurance Code to health maintenance organizations.

- 12 6. It adds health maintenance organizations to the list of
14 those licenses exempted from the requirement that they register
 as a preferred provider organization.

- 16 7. It requires the Bureau of Insurance to report by January
18 1, 1996 on alternatives for clarifying the guaranteed issuance
 requirement for small group health plans under Title 24-A,
 section 2808-B.

- 20 It also adds a fiscal note to the bill.