

MAINE STATE LEGISLATURE

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R d S.

L.D. 1762

DATE: March 8, 1996

(Filing No. S-459)

BANKING AND INSURANCE

Reported by: Senator ABROMSON of Cumberland for the Committee.

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**STATE OF MAINE
SENATE
117TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A " to S.P. 692, L.D. 1762, Bill, "An Act to Further Streamline Licensing Procedures at the Bureau of Insurance"

Amend the bill by inserting after the title and before the enacting clause the following:

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

Whereas, the Federal Social Security Act of 1994 requires amendments to the State's laws with respect to the sale of Medicare supplement policies; and

Whereas, the required amendments to the State's laws must be enacted prior to April 28, 1996; and

Whereas, failure to enact these provisions will result in the State's loss of regulatory authority over the sale of Medicare supplement policies; and

Whereas, if this legislation is not enacted as an emergency, Medicare supplement policies may not be sold in this State until the United States Secretary of Health and Human Services certifies that the policies meet federal standards; and

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, '

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT "A" to S.P. 692, L.D. 1762

Further amend the bill by striking out all of section 7 and inserting in its place the following:

'Sec. 7. 24-A MRSA §2736-C, sub-§9 is enacted to read:

9. Exemption for certain associations. The superintendent may exempt a group health insurance policy or group nonprofit hospital or medical service corporation contract issued to an association group, organized pursuant to section 2805-A, from the requirements of subsection 3, paragraph A; subsection 6, paragraph A; and subsection 8 if:

A. Issuance and renewal of coverage under the policy or contract is guaranteed to all members of the association who are residents of this State and to their dependents;

B. Rates for the association comply with the premium rate requirements of subsection 2 or are established on a nationwide basis and substantially comply with the purposes of this section, except that exempted associations may be rated separately from the carrier's other individual health plans, if any;

C. The group's anticipated loss ratio, as defined in subsection 5, is at least 75%;

D. The association's membership criteria do not include age, health status, medical utilization history or any other factor with a similar purpose or effect;

E. The association's group health plan is not marketed to the general public;

F. The association does not allow insurance agents or brokers to market association memberships, accept applications for memberships or enroll members, except when the association is an association of insurance agents or brokers organized under section 2805-A;

G. Insurance is provided as an incidental benefit of association membership and the primary purposes of the association do not include group buying or mass marketing of insurance or other goods and services; and

H. Granting an exemption to the association does not conflict with the purposes of this section.

Sec. 8. 24-A MRSA §5013, as amended by PL 1993, c. 154, §4, is further amended to read:

§5013. Notice regarding policies that are not Medicare supplement policies

Any individual accident and sickness insurance policy or group insurance certificate, including the contract of a nonprofit hospital and medical service or health care plan issued for delivery in this State to persons eligible for Medicare by reason--of--age, must notify insureds that the policy or certificate is not a Medicare supplement policy or certificate. The notice must be either printed on or attached to the first page of the outline of coverage delivered to insureds, or, if no outline of coverage is delivered, to the first page of the policy or certificate. The notice must be in no less than 12-point type and must contain the following language:

"THIS (POLICY OR CERTIFICATE) IS NOT A MEDICARE SUPPLEMENT (POLICY OR CERTIFICATE). If you are eligible for Medicare, review the Medicare Supplement Buyer's Guide available from the company. If you have a Medicare supplement policy or major medical policy, this coverage may be more than you need. For information call the Bureau of Insurance at (toll-free phone number)."

This section does not apply to a Medicare supplement policy; a policy issued pursuant to a contract under the Federal Social Security Act, 42 United States Code, Section 1395, et seq., Section 1833--or 1876; a disability income policy; a--single premium--nonrenewable--policy; or a policy identified in section 5001-A, subsection 2.

Sec. 9. 24-A MRSA §5014 is enacted to read:

§5014. Additional penalties

1. Penalties. In addition to any other applicable penalties for violations of this Title or Title 24, the superintendent may order issuers violating any provision of this chapter or any rule adopted pursuant to this chapter to:

A. Comply with the provisions of this chapter; or

B. Cease marketing any Medicare supplement policy or certificate in this State that is directly or indirectly related to a violation.

2. Election of penalty options. The superintendent may exercise any of the penalty options provided by this section, in combination or in sequence, as the superintendent considers appropriate.'

COMMITTEE AMENDMENT "A" to S.P. 692, L.D. 1762

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

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

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 realize some minor savings from the streamlining of certain licensure procedures.'

STATEMENT OF FACT

This amendment adds the prohibition on an association from marketing association membership through insurance agents or brokers to the list of criteria under which insurance contracts issued to association groups may be exempted by the Superintendent of Insurance from the requirements of the Maine Revised Statutes, Title 24-A, section 2736-C. The amendment also makes changes to Title 24-A, chapter 67 relating to Medicare supplement policies to bring the State's laws into compliance with recent amendments to the Federal Social Security Act.

The amendment also adds an emergency preamble, an emergency clause and a fiscal note to the bill.