

MAINE STATE LEGISLATURE

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in
Rd8.

L.D. 984

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DATE: 6/5/01

(Filing No. H-688)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 765, L.D. 984, Bill, "An Act to Protect Nongroup and Small Group Insureds"

Amend the amendment by striking out all of sections 4 and 5 and inserting in their place the following:

Sec. 4. 24-A MRSA §2735-A is enacted to read:

§2735-A. Notice of rate filing and rate increase

1. Notice of rate filing or rate increase on existing policies. An insurer offering individual health plans as defined in section 2736-C must provide written notice by first class mail of a rate filing to all affected policyholders at least 60 days before the effective date of any proposed increase in premium rates or any proposed rating formula, classification of risks or modification of any formula or classification of risks. The notice must also inform policyholders of their right to request a hearing pursuant to section 229 or a special rate hearing pursuant to section 2736, subsection 4 or Title 24, section 2321, subsection 5. The notice must show the proposed rate and state that the rate is subject to regulatory approval. The superintendent may not take final action on a rate filing until 40 days after the date notice is mailed by an insurer. An increase in premium rates may not be implemented until 60 days after the notice is provided or until the effective date under section 2736, whichever is later.

HOUSE AMENDMENT

2 2. Notice of rate increase on new business. When an insurer
3 offering individual health plans as defined in section 2736-C
4 quotes a rate for new business, it must disclose any rate
5 increase that the insurer anticipates implementing within the
6 following 90 days. If the quote is in writing, the disclosure
7 must also be in writing. If the increase is pending approval at
8 the time of notice, the disclosure must include the proposed rate
9 and state that it is subject to regulatory approval. If
10 disclosure required by this subsection is not provided, an
11 increase may not be implemented until at least 90 days after the
12 date the quote is provided or the effective date under section
13 2736, whichever is later.'

14 Further amend the amendment by striking out all of section 8
15 and inserting in its place the following:

16 'Sec. 8. 24-A MRS §2839-A is enacted to read:

17 §2839-A. Notice of rate increase

18 1. Notice of rate increase on existing policies. An
19 insurer offering group health insurance, except for accidental
20 injury, specified disease, hospital indemnity, disability income,
21 Medicare supplement, long-term care or other limited benefit
22 group health insurance, must provide written notice by first
23 class mail of a rate increase to all affected policyholders or
24 others who are directly billed for group coverage at least 60
25 days before the effective date of any increase in premium rates.
26 An increase in premium rates may not be implemented until 60 days
27 after the notice is provided.

28 2. Notice of rate increase on new business. When an
29 insurer offering group health insurance, except for accidental
30 injury, specified disease, hospital indemnity, disability income,
31 Medicare supplement, long-term care or other limited benefit
32 group health insurance, quotes a rate for new business, it must
33 disclose any rate increase that the insurer anticipates
34 implementing within the following 90 days. If the quote is in
35 writing, the disclosure must also be in writing. If such
36 disclosure is not provided, an increase may not be implemented
37 until at least 90 days after the date the quote is provided.'

38 Further amend the amendment by striking out all of section
39 10 and inserting in its place the following:

40 'Sec. 10. Allocation. The following funds are allocated from
41 Other Special Revenue funds to carry out the purposes of this Act.

42 2001-02

2002-03

2 **PROFESSIONAL AND FINANCIAL**
4 **REGULATION, DEPARTMENT OF**

6 **Bureau of Insurance**

8	Positions - Legislative Count	(1,000)	(1,000)
	Personal Services	\$47,880	\$63,840
	All Other	13,335	15,780

10 Provides funds for one
12 half-time Attorney position
14 and one half-time Actuarial
16 Assistant position and
18 related administrative
20 expenses associated with an
22 expected increase in the
number of rate hearings due
to the requirement that an
insurer notify policyholders
of the right to request a
rate hearing.

24 **DEPARTMENT OF PROFESSIONAL AND**
26 **FINANCIAL REGULATION**

TOTAL	<u>\$61,215</u>	<u>\$79,620'</u>
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28 Further amend the amendment by relettering or renumbering
30 any nonconsecutive Part letter or section number to read
consecutively.

32 **FISCAL NOTE**

34 This amendment decreases the Other Special Revenue funds
36 cost of the bill by \$51,033 and \$58,446 in fiscal years 2001-02
38 and 2002-03, respectively, due to the removal of Medicare
supplement insurance from the requirement to provide notices of
rate filings and rate increases.

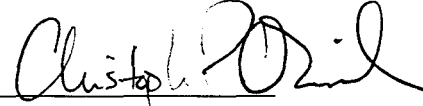
40 As amended, this bill includes Other Special Revenue funds
42 allocations of \$61,215 and \$79,620 in fiscal years 2001-02 and
44 2002-03, respectively, for the Bureau of Insurance within the
46 Department of Professional and Financial Regulation for one
48 half-time Attorney position and one half-time Actuarial Assistant
position and related operating costs associated with an expected
increase in the number of rate hearings due to the requirement
that an insurer notify policyholders of the right to request a
rate hearing or a special rate hearing.

HOUSE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to H.P. 765, L.D.
984

Increasing the assessment to carriers to cover the cost of
the additional staff and related expenses would increase
dedicated revenue to the Bureau of Insurance within the
Department of Professional and Financial Regulation by \$61,215 in
fiscal year 2001-02 and \$79,620 in fiscal year 2002-03.

SUMMARY

This amendment clarifies when a notice is required and when
a rate increase may be implemented. The amendment also removes
Medicare supplement insurance from the requirement to provide
notices of rate filings and rate increases.

SPONSORED BY: 
(Representative O'NEIL)

TOWN: Saco