

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

m
R.O.S.

L.D. 984

DATE: 5-25-01

(Filing No. H-617)

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46
48

BANKING AND INSURANCE

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

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

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

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 24 MRSA §2317-B, sub-§7-A is enacted to read:

7-A. Title 24-A, sections 2735-A and 2839-A. Notice of rate filings and rate increases, Title 24-A, sections 2735-A and 2839-A;

Sec. 2. 24 MRSA §2321, sub-§4, ¶D, as enacted by PL 1997, c. 344, §6, is repealed.

Sec. 3. 24 MRSA §2321, sub-§5, ¶D, as enacted by PL 1997, c. 344, §6, is repealed.

Sec. 4. 24-A MRSA §2701, sub-§2, ¶A-1 is enacted to read:

A-1. Section 2735-A applies to group Medicare supplement policies as defined in chapter 67;

Sec. 5. 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 or Medicare supplement insurance as defined in

R.O.S.

chapter 67 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 the filing or any increase in premium rates. 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 the effective date under section 2736, whichever is later.

2. Notice of rate increase on new business. When an insurer offering individual health plans as defined in section 2736-C or Medicare supplement insurance as defined in chapter 67 quotes a rate for new business, it must disclose any rate increase that the insurer anticipates implementing within the following 90 days. If the quote is in writing, the disclosure must also be in writing. If the increase is pending approval at the time of notice, the disclosure must include the proposed rate and state that it is subject to regulatory approval. If disclosure required by this subsection is not provided, an increase may not be implemented until at least 90 days after the date the quote is provided or the effective date under section 2736, whichever is later.

Sec. 6. 24-A MRSA §2736, sub-§3, ¶C, as enacted by PL 1997, c. 344, §8, is repealed.

Sec. 7. 24-A MRSA §2736, sub-§4, ¶D, as enacted by PL 1997, c. 344, §8, is repealed.

Sec. 8. 24-A MRSA §2839-A is enacted to read:

§2839-A. Notice of rate increase

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

R.O.S.

2 2. Notice of rate increase on new business. When an
insurer offering group health insurance, except for accidental
injury, specified disease, hospital indemnity, disability income,
4 long-term care or other limited benefit group health insurance,
quotes a rate for new business, it must disclose any rate
6 increase that the insurer anticipates implementing within the
following 90 days. If the quote is in writing, the disclosure
8 must also be in writing. If such disclosure is not provided, an
increase may not be implemented until at least 90 days after the
10 date the quote is provided.

12 3. Group Medicare supplement insurance. Group Medicare
supplement insurance is subject to the notice requirements of
14 section 2735-A.

16 **Sec. 9. 24-A MRSA §4222-B, sub-§15** is enacted to read:

18 15. Sections 2735-A and 2839-A, relating to notice of rate
filings and rate increases, apply to health maintenance
20 organizations.

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

	2001-02	2002-03
26 PROFESSIONAL AND FINANCIAL		
28 REGULATION, DEPARTMENT OF		
30 Bureau of Insurance		
32 Positions	(2,000)	(2,000)
Personal Services	\$95,760	\$120,416
34 All Other	16,488	17,650

36 Provides funds for one
Attorney position and one
38 Actuarial Assistant position
and related administrative
40 expenses associated with an
expected increase in the
42 number of rate hearings due
to the requirement that an
44 insurer notify policyholders
of the right to request a
46 rate hearing.

48 **DEPARTMENT OF PROFESSIONAL AND
FINANCIAL REGULATION**

COMMITTEE AMENDMENT

R.O.S.

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

TOTAL \$112,248 \$138,066'

2

Further amend the bill by inserting at the end before the summary the following:

4

6

FISCAL NOTE

8

2001-02 2002-03

10

APPROPRIATIONS/ALLOCATIONS

12

Other Funds \$112,248 \$138,066

14

REVENUES

18

Other Funds \$112,248 \$138,066

20

This bill includes Other Special Revenue funds allocations of \$112,248 and \$138,066 in fiscal years 2001-02 and 2002-03, respectively, for the Bureau of Insurance within the Department of Professional and Financial Regulation for one Attorney position and one 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.

30

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 \$112,248 in fiscal year 2001-02 and \$138,066 in fiscal year 2002-03.'

36

SUMMARY

38

This amendment replaces the bill. The amendment requires that carriers provide a minimum of 60 days' notice prior to a rate filing or rate increase in individual and group health insurance and Medicare supplement policies. The amendment also requires notice of anticipated rate increases when quoting rates for new business. The amendment also retains those sections of current law governing special rate hearings for individual health plans by repealing the repealers on those sections of law.

48

The amendment also adds an allocation section and a fiscal note to the bill.

50