

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 984

H.P. 765

House of Representatives, February 20, 2001

An Act to Protect Nongroup and Small Group Insureds.

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

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative O'NEIL of Saco.

Cosponsored by Representative RICHARDSON of Brunswick.

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

2
3 **Sec. 1. 24-A MRSA §2736, sub-§1-A** is enacted to read:

4 1-A. Notice to policyholders. An insurer must provide
6 written notice by first class mail of the rate filing to
8 policyholders at least 60 days in advance of the stated effective
10 date. The notice must inform the policyholders of their right to
12 request a special rate hearing pursuant to subsection 4. The
14 notice must also provide information about public programs,
16 including but not limited to Cub Care.

17 **Sec. 2. 24-A MRSA §2736, sub-§3, ¶C**, as enacted by PL 1997, c.
18 344, §8, is repealed.

19 **Sec. 3. 24-A MRSA §2736, sub-§4, ¶D**, as enacted by PL 1997, c.
20 344, §8, is repealed.

21 **Sec. 4. 24-A MRSA §2808-C** is enacted to read:

22 **§2808-C. Rate filings on small group health plans**

23 1. Filing of rate information. A carrier shall file with
24 the superintendent every rate, rating formula, classification of
26 risks and every modification of any formula or classification
28 that the carrier proposes to use. The filing must state the
30 effective date of the filing. The filing must be made at least
32 60 days in advance of the stated effective date, unless the
34 60-day requirement is waived by the superintendent. The
36 effective date may be suspended by the superintendent for a
38 period of time not to exceed 30 days. In the case of a filing
40 that meets the criteria in subsection 3, the superintendent may
42 suspend the effective date for a longer period not to exceed 30
44 days from the date the carrier satisfactorily responds to any
46 reasonable discovery requests.

47 2. Notice to enrollee. A carrier must provide written
48 notice by first class mail of the rate filing to enrollees at
50 least 60 days in advance of the stated effective date. The
notice must inform the enrollees of their right to request a
special rate hearing pursuant to subsection 4. The notice must
also provide information about public programs, including but not
limited to Cub Care.

3. Filing; information. When a filing is not accompanied by
the information upon which the carrier supports such filing, or
the superintendent does not have sufficient information to
determine whether such filing meets the requirements that rates
not be excessive, inadequate or unfairly discriminatory, the
superintendent shall require the carrier to furnish the

2 information upon which it supports the filing. A filing and
3 supporting information are public records within the meaning of
4 Title 1, section 402, subsection 3 and become part of the
5 official record of any hearing held.

6 **4. Criteria for special rate hearings.** Any filing of
7 rates, rating formulas and modifications that satisfies the
8 criteria set forth in this subsection is subject to the
9 provisions of subsection 5.

10
11 A. The rate increase for any small group health plan may
12 not exceed the index of inflation multiplied by 1.5
13 excluding any approved rate differential based on age. For
14 the purposes of this subsection, "index of inflation" means
15 the rate of increase in medical costs for a section of the
16 United States selected by the superintendent that includes
17 the State for the most recent 12-month period immediately
18 preceding the date of the filing for which data are
19 available.

20
21 B. The carrier must demonstrate in accordance with
22 generally accepted actuarial principles and practices
23 consistently applied that, as of a date no more than 210
24 days prior to the filing, the ratios of benefits incurred to
25 premiums earned for those products average no less than 80%
26 for the previous 12-month period.

27
28 **5. Special rate hearing.** A rate hearing conducted with
29 respect to filings that meet the criteria in subsection 3 is
30 subject to this subsection.

31
32 A. A person requesting a hearing shall provide the
33 superintendent with a written statement detailing the
34 circumstances that justify a hearing notwithstanding the
35 satisfaction of the criteria in subsection 4.

36
37 B. If the superintendent decides to hold a hearing, the
38 superintendent shall issue a written statement detailing the
39 circumstances that justify a hearing notwithstanding the
40 satisfaction of the criteria in subsection 4.

41
42 C. In any hearing conducted under this subsection, the
43 bureau and any party asserting that the rates are excessive
44 have the burden of establishing that the rates are
45 excessive. The burden of proving that rates are adequate
46 and not unfairly discriminatory remains with the carrier.

47
48 **Sec. 5. 24-A MRSA §4204, sub-§2-A, ¶N,** as amended by 1995, c.
49 332, Pt. I, §2, is further amended to read:
50

2 N. Beginning July 1, 1995, a health maintenance
3 organization that offers coverage to groups in the State
4 shall offer coverage for purchase by individuals. A health
5 maintenance organization offering individual coverage shall
6 provide the bureau with a marketing plan, updated annually,
7 to increase public awareness of that coverage and maximize
8 use of insurance producers, agents or brokers.

10 SUMMARY

12 This bill amends the laws governing nongroup and small group
13 insureds as follows.

14 1. It requires that insurers provide written notice of rate
15 filing.

16 2. It repeals the repealers on the sections of law
17 governing special rate hearings.

18 3. It enacts requirements regarding rate filings on small
19 group health plans similar to the requirements regarding rate
20 filings on individual health insurance policies.

21 4. It requires that health maintenance organizations
22 offering individual coverage provide an annual marketing plan to
23 the Department of Administrative and Financial Services, Bureau
24 of Insurance.
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