

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1652

S.P. 529

In Senate, March 15, 2001

An Act to Promote Healthy Lifestyles and to Reallocate the Cost of Health Care Insurance.

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

A handwritten signature in cursive script, reading 'Joy J. O'Brien'.

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator TURNER of Cumberland.
Cosponsored by Senator SAWYER of Penobscot, Representative: SHIELDS of Auburn.

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

2
4 **Sec. 1. 24-A MRSA §2736-C, sub-§1, ¶B**, as enacted by PL 1993, c. 477, Pt. C, §1 and affected by Pt. F, §1, is amended to read:

6 B. "Community rate" means the rate charged to all eligible
8 individuals for individual health plans prior to any
 adjustments pursuant to subsection 2, paragraphs B-1 and C
 and-D.

10 **Sec. 2. 24-A MRSA §2736-C, sub-§2**, as amended by PL 1999, c.
12 44, §1 and affected by §2, is further amended to read:

14 **2. Rating practices.** The following requirements apply to
16 the rating practices of carriers providing individual health
 plans.

18 A. A carrier issuing an individual health plan after
20 December 1, 1993 must file the carrier's community rate and
 any formulas and factors used to adjust that rate with the
22 superintendent prior to issuance of any individual health
 plan.

24 B. A carrier may not vary the premium rate due to the
26 gender, ~~health-status~~, claims experience or policy duration
 of the individual.

28 B-1. A carrier may vary the premium rate due to the health
 status of the individual only as permitted by this paragraph.

30 (1) The carrier may have one or more classes of
32 substandard rating and one or more classes of
 superstandard rating.

34 (2) Applicants may be offered a substandard or
36 superstandard rate based on health status, health
 history or healthy lifestyle.

38 (3) The highest rating class may not exceed 150% of
40 the lowest rating class.

42 (4) The carrier may reduce the multiple that an
44 individual is charged on any renewal date based on
 improved health status, but may never increase the
 multiple.

46 The superintendent may adopt rules setting forth appropriate
48 methodologies regarding substandard and superstandard
 ratings based on health status, health history or healthy

2 lifestyle. Rules adopted pursuant to this paragraph are
3 routine technical rules as defined in Title 5, chapter 375,
4 subchapter II-A.

6 C. A carrier may vary the premium rate due to smoking
7 status and family membership.

8 ~~D. A carrier may vary the premium rate due to age, smoking~~
9 ~~status, occupation or industry, and geographic area only~~
10 ~~under the following schedule and within the listed~~
11 ~~percentage bands.~~

12
13 (1) ~~For all policies, contracts or certificates that~~
14 ~~are executed, delivered, issued for delivery, continued~~
15 ~~or renewed in this State between December 1, 1993 and~~
16 ~~July 14, 1994, the premium rate may not deviate above~~
17 ~~or below the community rate filed by the carrier by~~
18 ~~more than 50%.~~

19
20 (2) ~~For all policies, contracts or certificates that~~
21 ~~are executed, delivered, issued for delivery, continued~~
22 ~~or renewed in this State between July 15, 1994 and July~~
23 ~~14, 1995, the premium rate may not deviate above or~~
24 ~~below the community rate filed by the carrier by more~~
25 ~~than 33%.~~

26
27 (3) ~~For all policies, contracts or certificates that~~
28 ~~are executed, delivered, issued for delivery, continued~~
29 ~~or renewed in this State after July 15, 1995, the~~
30 ~~premium rate may not deviate above or below the~~
31 ~~community rate filed by the carrier by more than 20%.~~

32
33 E. A separate community rate may be established for
34 individuals eligible for Medicare Part A without paying a
35 premium; however, this rate may not be applied if both the
36 Medicare eligibility date and the issue date are prior to
37 July 1, 2000.

38 **Sec. 3. 24-A MRSA §2808-B, sub-§1, ¶B,** as enacted by PL 1991,
39 c. 861, §2, is amended to read:

40
41 B. "Community rate" means the rate to be charged to all
42 eligible groups for small group health plans prior to any
43 adjustments pursuant to subsection 2, paragraphs B-1 and C
44 and D.

45
46 **Sec. 4. 24-A MRSA §2808-B, sub-§2, ¶B,** as amended by PL 1993,
47 c. 477, Pt. B, §1 and affected by Pt. F, §1, is further amended
48 to read:

2 B. A carrier may not vary the premium rate due to the
4 gender, ~~health-status~~, claims experience or policy duration
of the eligible group or members of the group.

6 **Sec. 5. 24-A MRSA §2808-B, sub-§2, ¶B-1** is enacted to read:

8 B-1. A carrier may vary the premium rate due to the health
10 status of the eligible group or members of the group only as
permitted by this paragraph.

12 (1) The carrier may have one or more classes of
14 substandard rating and one or more classes of
superstandard rating.

16 (2) An eligible group may be offered a substandard
18 rate or a superstandard rate based on health status,
health history or healthy lifestyle of the eligible
20 group or members of the group.

22 (3) The highest rating class may not exceed 150% of
the lowest rating class.

24 (4) The carrier may reduce the multiple that an
26 eligible group is charged on any renewal date based on
improved health status, but may never increase the
28 multiple.

The superintendent may adopt rules setting forth appropriate
30 methodologies regarding substandard and superstandard
32 ratings based on health status, health history or healthy
lifestyle. Rules adopted pursuant to this paragraph are
34 routine technical rules as defined in Title 5, chapter 375,
subchapter II-A.

36 **Sec. 6. 24-A MRSA §2808-B, sub-§2, ¶C**, as amended by PL 1993,
38 c. 477, Pt. B, §1 and affected by Pt. F, §1, is further amended
to read:

40 C. A carrier may vary the premium rate due to smoking
42 status, family membership, participation in wellness
programs and group size.

44 **Sec. 7. 24-A MRSA §2808-B, sub-§2, ¶D**, as amended by PL 1997,
46 c. 445, §14 and affected by §32, is repealed.

48 **Sec. 8. 24-A MRSA §2808-B, sub-§2, ¶D-1**, as enacted by PL 1997,
c. 445, §14 and affected by §32, is repealed.

50 **Sec. 9. 24-A MRSA §2808-B, sub-§2, ¶D-2**, as reallocated by RR
1997, c. 1, §22, is amended to read:

2 D-2. ~~Notwithstanding the requirements of paragraph D,~~ rates
3 Rates with respect to employees whose work site is not in
4 this State may be based on area adjustment factors
5 appropriate to that location.
6

8 **SUMMARY**

10 This bill makes the following changes relating to the rating
11 practices of health carriers offering individual and small group
12 health plans.

14 1. It eliminates the requirement that health insurers may
15 vary the rates for individual and small group health plans only
16 within certain rating bands based on age, smoking status,
17 occupation or industry and geographic area.

18 2. It removes the prohibition on varying premium rates due
19 to the health status of individuals or small group members and
20 allows the rates to vary depending on the ability of the
21 individual or small group members to maintain a healthy
22 lifestyle. The highest rates that may be charged for individuals
23 or small group members with poor health status is limited to 150%
24 of the lowest rate.

26 3. It allows carriers to vary premium rates based on the
27 smoking status of the individual or small group members.
28