

MAINE STATE LEGISLATURE

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BANKING AND INSURANCE

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**STATE OF MAINE
SENATE
120TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "*A*" to S.P. 573, L.D. 1745, Bill, "An Act to Address Issues in the Maine Health Insurance Market"

Amend the bill in Part A by striking out sections 1 to 5.

Further amend the bill in part A by striking out all of section 6 and inserting in its place the following:

'Sec. A-6. 24-A MRSA §2736-C, sub-§2, ¶C, as enacted by PL 1993, c. 477, Pt. C, §1 and affected by Pt. F, §1, is amended to read:

C. A carrier may vary the premium rate due to smoking status and family membership. The superintendent may adopt rules setting forth appropriate methodologies regarding rate discounts based on smoking status. Rules adopted pursuant to this paragraph are routine technical rules as defined in Title 5, chapter 375, subchapter II-A.

Sec. A-7. 24-A MRSA §2736-C, sub-§2, ¶D, as amended by PL 1995, c. 177, §1, is further amended to read:

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

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

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

14 (3) For all policies, contracts or certificates that
16 are executed, delivered, issued for delivery, continued
or renewed in this State after July 15, 1995, the
18 premium rate may not deviate above or below the
community rate filed by the carrier by more than 20%.'

20 Further amend the bill in Part A by striking out all of
22 sections 7 to 9.

24 Further amend the bill in Part A by striking out all of
sections 10 to 12 and inserting in their place the following:

26 'Sec. A-10. 24-A MRSA §2808-B, sub-§2, ¶C, as amended by PL
28 1993, c. 477, Pt. B, §1 and affected by Pt. F, §1, is further
amended to read:

30 C. A carrier may vary the premium rate due to family
32 membership, smoking status, participation in wellness
programs and group size. The superintendent may adopt rules
34 setting forth appropriate methodologies regarding rate
discounts pursuant to this paragraph. Rules adopted
36 pursuant to this paragraph are routine technical rules as
defined in Title 5, chapter 375, subchapter II-A.

38 Sec. A-11. 24-A MRSA §2808-B, sub-§2, ¶D, as amended by PL
40 1997, c. 445, §14 and affected by §32, is further amended to read:

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

48 (1) For all policies, contracts or certificates that
are executed, delivered, issued for delivery, continued
50 or renewed in this State between July 15, 1993 and July
14, 1994, the premium rate may not deviate above or

2 below the community rate filed by the carrier by more
than 50%.

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

10 (3) For all policies, contracts or certificates that
are executed, delivered, issued for delivery, continued
12 or renewed in this State after July 15, 1995, the
14 premium rate may not deviate above or below the
community rate filed by the carrier by more than 20%,
16 except as provided in paragraph D-1.

18 **Sec. A-12. 24-A MRSA §2808-B, sub-§2, ¶D-1**, as enacted by PL
1997, c. 445, §14 and affected by §32, is amended to read:

20 D-1. With respect to eligible groups that employed, on
22 average, 25 to 50 eligible employees in the preceding
calendar year, a carrier may vary the premium rate due to
24 age, ~~smoking-status~~, occupation or industry and geographic
area only under the following schedule and within the listed
26 percentage bands.

28 (1) For all policies, contracts or certificates that
are executed, delivered, issued for delivery, continued
30 or renewed in this State in 1998, the premium rate may
not deviate above or below the community rate filed by
32 the carrier by more than 40%.

34 (2) For all policies, contracts or certificates that
are executed, delivered, issued for delivery, continued
36 or renewed in this State in 1999, the premium rate may
not deviate above or below the community rate filed by
38 the carrier by more than 30%.

40 (3) For all policies, contracts or certificates that
are executed, delivered, issued for delivery, continued
42 or renewed in this State after January 1, 2000, the
premium rate may not deviate above or below the
44 community rate filed by the carrier by more than 20%.'

46 Further amend the bill in Part A by striking out all of
section 15.

48 Further amend the bill in Part A by striking out all of
50 section 18 and inserting in its place the following:

2 '**Sec. A-18. Application.** Those sections of this Part that
3 amend the Maine Revised Statutes, Title 24-A, section 2736-C,
4 subsection 2, paragraphs C and D and section 2808-B, subsection
5 2, paragraphs C, D and D-1 apply to all policies, contracts or
6 certificates that are executed, delivered, issued for delivery,
7 continued or renewed in this State on or after January 1, 2002.'

8
9 Further amend the bill in Part B by striking out all of
10 sections 1 to 5 and inserting in their place the following:

11 '**Sec. B-1. 24-A MRSA §2803-A, sub-§§2 and 3,** as enacted by PL
12 1995, c. 71, §2, are amended to read:

13
14 **2. Disclosure of basic loss information.** Upon written
15 request, every insurer shall provide loss information concerning
16 a group policy or contract to its policyholder ~~at least 60 days~~
17 ~~prior to renewal of the policy or contract and again 6 months~~
18 ~~from the date the policy becomes effective~~ within 21 business
19 days of the date of the request.

20
21 **3. Transmittal of request.** ~~If a policyholder requests less~~
22 ~~information from an~~ An insurance agent producer or other
23 authorized representative, ~~the representative or agent who~~
24 receives a request for loss information in accordance with this
25 section shall transmit the request for loss information to the
26 insurer within 4 working business days.

27
28 **Sec. B-2. 24-A MRSA §2803-A, sub-§4,** as amended by PL 1997, c.
29 370, Pt. E, §5, is further amended to read:

30
31 **4. Exception.** An insurer is not required to provide the
32 loss information described in this section ~~to~~ for a group that is
33 eligible for small group coverage pursuant to section 2808-B.

34
35 **Sec. B-3. 24-A MRSA §4222-B, sub-§§17 to 19** are enacted to read:

36
37 17. Section 2803-A, relating to disclosure of loss
38 information, applies to health maintenance organizations.

39
40 18. The requirement of section 2809-A, subsection 11 to
41 continue group coverage under certain circumstances applies to
42 health maintenance organizations.

43
44 19. Section 12-A, relating to penalties, applies to health
45 maintenance organizations.'

46
47 Further amend the bill in Part B by striking out all of
48 section 9 and inserting in its place the following:

2 'Sec. B-9. 24-A MRSA §5002-B, sub-§2-A is enacted to read:

4 2-A. Low-cost drugs for the elderly or disabled program.
6 An issuer that offers standardized plans that include
8 prescription drug benefits shall permit an insured who has a plan
10 from the same issuer without prescription drug benefits to
12 purchase a plan with prescription drug benefits under the
14 following circumstances:

16 A. The insured was covered under the low-cost drugs for the
18 elderly or disabled program established by Title 22, section
20 254;

22 B. The insured applies for a plan with prescription drug
24 coverage within 90 days after losing eligibility for the
26 low-cost drugs for the elderly or disabled program
28 established by Title 22, section 254; and

30 C. The insured either:

32 (1) Had a Medicare supplement plan with prescription
34 drug benefits from the same issuer prior to enrolling
36 in the low-cost drugs for the elderly or disabled
38 program established by Title 22, section 254; or

40 (2) Is entitled to continuity of coverage pursuant to
42 subsection 1 and has had prescription drug benefits,
44 through either a Medicare supplement plan or the
46 low-cost drugs for the elderly or disabled program
48 established by Title 22, section 254, since the
50 insured's open enrollment period with no gap in
 prescription drug coverage in excess of 90 days.

The purchase of a plan with prescription drug benefits by an
 insured pursuant to this subsection does not affect eligibility
 for coverage under the low-cost drugs for the elderly or disabled
 program established by Title 22, section 254 if the insured is
 not covered by a Medicare supplement plan with prescription drug
 benefits at the time of reapplying for coverage under the
 low-cost drugs for the elderly or disabled program established by
 Title 22, section 254.'

 Further amend the bill in Part C in section 1 in that part
designated "~~§2691.~~" in subsection 3 by striking out all of
paragraphs D and E and inserting in their place the following:

'D. Long-term care insurance policies subject to chapter 68;

E. Group disability income protection coverage; or

2 F. Insurance policies supplemental to the Civilian Health
3 and Medical Program of the Uniformed Services, CHAMPUS, 10
4 United States Code, Chapter 55 (2000).'

6 Further amend the bill in Part C in section 1 in that part
7 designated "~~§2694.~~" by striking out all of subsection 7 and
8 inserting in its place the following:

10 '7. Individual disability income protection coverage.
11 Individual disability income protection coverage.'

12 Further amend the bill in Part C in section 1 in that part
13 designated "~~§2697.~~" in the first paragraph in the 3rd line (page
14 18, line 46 in L.D.) by striking out the following: "routine
15 technical" and inserting in its place the following: 'major
16 substantive'

18 Further amend the bill by relettering or renumbering any
19 nonconsecutive Part letter or section number to read
20 consecutively.

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

26
27 **·FISCAL NOTE**

28 The Bureau of Insurance within the Department of
29 Professional and Financial Regulation will incur some minor
30 additional costs to adopt rules associated with implementing the
31 provisions in this bill. These costs can be absorbed within the
32 bureau's existing budgeted resources.'

34
35 **SUMMARY**

36 This amendment is the majority report of the committee.

37 In Part A, this amendment does the following.

38 1. It removes the provisions relating to private purchasing
39 alliances because those changes are included in other legislation.

40 2. It removes the provisions proposing changes to the
41 community rating laws applicable to individual and small group
42 health insurance except that it allows carriers to vary premium
43 rates in the individual and small group markets based on smoking
44 status outside of the rating bands.

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3. It removes the provisions authorizing the Superintendent of Insurance to authorize pilot projects for innovative products and multistate products in the individual and small group health insurance markets.

4. It retains the provision eliminating the requirement for carriers to offer standardized plans in the small group market.

In Part B, the amendment does the following.

1. It removes the provisions relating to notices of rate increases to policyholders because similar provisions are included in other legislation.

2. It requires insurers to provide loss information in aggregate form to group policyholders upon written request within 21 business days of the request. Under current law, insurers are required to provide the information upon request 60 days prior to renewal of the policy and again 6 months from the date the policy becomes effective.

3. It removes the provisions that would have permitted the disclosure of confidential loss information relating to the medical diagnosis, treatment or health status of group members, including potentially identifying information.

4. It retains the provision making the continuity and penalties provisions of the Maine Insurance Code applicable to health maintenance organizations.

5. It retains the provision relating to standards applicable to health insurance policies that limit payment of claims for covered services based on a determination of "usual, customary and reasonable" charges.

6. It retains the provision requiring utilization review entities to advise whether or not the service reviewed for medical necessity is a covered service under the health policy or contract at issue.

7. It retains the provision permitting those who lose eligibility for the low-cost drugs for the elderly or disabled program to purchase a Medicare supplement policy with prescription drug benefits. The amendment also clarifies that Medicare supplement coverage with prescription drug benefits may not affect eligibility for coverage under the low-cost drugs for the elderly or disabled program if the individual no longer has Medicare supplement coverage with prescription drug benefits at the time of reapplication for the program.

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2 In Part C, the amendment clarifies that the new chapter of
the Maine Insurance Code does not apply to group disability
4 income protection coverage. The amendment also makes the rules
adopted by the Superintendent of Insurance major substantive
6 rules and subject to legislative review before final adoption.

The amendment also adds a fiscal note to the bill.