

MAINE STATE LEGISLATURE

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DATE: 4-14-03

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INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 259, L.D. 316, Bill, "An Act to Prohibit Absolute Discretion Clauses in Health Carrier and Excess Loss Carrier Contracts"

Amend the bill by striking out the title and substituting the following:

'An Act To Prohibit Absolute Discretion Clauses in Health Carrier Contracts'

Further 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-A MRS §4303, sub-§9 is enacted to read:

9. Absolute discretion clauses. The use and enforcement of an absolute discretion clause is governed by this subsection.

A. A policy, contract, certificate or agreement offered, delivered, issued or renewed for delivery in this State by a carrier to provide, deliver, arrange for, pay for or reimburse any of the costs of health care services may not contain a provision purporting to reserve sole or absolute discretion to the carrier to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this State.

B. A carrier may not enforce a provision in a policy, contract, certificate or agreement that was offered,

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2 delivered or issued for delivery in this State and has been
3 continued or renewed by a group policy holder or individual
4 enrollee in this State that purports to reserve sole or
5 absolute discretion to the carrier to interpret the terms of
6 the contract or to provide standards of interpretation or
7 review that are inconsistent with the laws of this State.'

8
9
10 **SUMMARY**

11 This amendment replaces the bill. The amendment prohibits
12 carriers from using or enforcing absolute discretion clauses in
13 health plan contracts. The amendment removes language in the
14 bill relating to contracts with plan sponsors of self-insured
health plans.