

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)

L.D. 1190

(Filing No. S-

384

DATE:

2.11.04

INSURANCE AND FINANCIAL SERVICES

Reported by:

MINORITY

Reproduced and distributed under the direction of the Secretary
of the Senate.

STATE OF MAINE
SENATE
121ST LEGISLATURE
SECOND SPECIAL SESSION

COMMITTEE AMENDMENT "A" to S.P. 394, L.D. 1190, Bill, "An
Act To Create the Comprehensive Health Insurance Risk Pool
Association"

Amend the bill by striking out all of the emergency preamble.

Further amend the bill by inserting before section 1 the
following:

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

B. A carrier may not vary the premium rate due to the
gender, health-status, claims experience or policy duration
of the individual. A carrier may vary the premium rate
based on health status, age and tobacco use only as
permitted in paragraph D.

Sec. 2. 24-A MRSA §2736-C, sub-§2, ¶C, as amended by PL 2001,
c. 410, Pt. A, §1 and affected by §10, is further 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. 3. 24-A MRSA §2736-C, sub-§2, ¶D, as amended by PL 2001, c. 410, Pt. A, §2 and affected by §10, is further amended to read:

D. A carrier may vary the premium rate due to age, health status, occupation or industry and, geographic area only under--the--following--schedule--and--within--the--listed percentage--bands and tobacco use in accordance with the following limitations.

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

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

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

(4) For all policies, contracts or certificates that are executed, delivered, issued for delivery, continued or renewed in this State after February 1, 2005, the maximum rate differential from the community rate filed by the carrier for age as determined by ratio is 4 to 1. The limitation does not apply for determining rates for an attained age of less than 19 or more than 65 years.

(5) For all policies, contracts or certificates that are executed, delivered, issued for delivery, continued or renewed in this State after February 1, 2005, the maximum rate differential from the community rate filed by the carrier for health status as determined by ratio is 1.5 to 1 and the maximum rate differential for tobacco use as determined by ratio is 1.5 to 1. Rate variations based on health status do not apply to rate variations based on an insured's status as a tobacco user.

(6) A variation in rate is not permitted on the basis of changes in health status after a policy, contract or certificate is issued or renewed.

Sec. 4. 24-A MRSA §2736-C, sub-§2, ¶G is enacted to read:

G. A carrier that offered individual health plans prior to February 1, 2005 may close its individual book of business sold prior to February 1, 2005 and may establish a separate community rate for individuals applying for coverage under an individual health plan after February 1, 2005.'

Further amend the bill in section 3 in paragraph E in the 2nd line (page 1, line 31 in L.D.) by inserting after the following: "gender." the following: 'This paragraph may not be construed to require a carrier to actively market health insurance to an individual 65 years of age or older.'

Further amend the bill in section 6 in that part designated "§3903." in subsection 7 in the 9th line (page 4, line 37 in L.D.) by inserting after the following: "income," the following: 'Medicare supplement,'

Further amend the bill in section 6 in that part designated "§3904." in subsection 2 in paragraph A in subparagraph (1) in the first line (page 5, line 49 in L.D.) by striking out the following: "Four" and inserting in its place the following: 'Six'

Further amend the bill in section 6 in that part designated "§3904." in subsection 2 in paragraph A in subparagraph (1) in the 4th line (page 6, line 2 in L.D.) by striking out the following: "one member" and inserting in its place the following: '2 members'

Further amend the bill in section 6 in that part designated "§3904." in subsection 2 in paragraph A in subparagraph (1) in the 5th line (page 6, line 3 in L.D.) by inserting after the following: "providers;" the following: 'one member must represent a statewide organization that represents the interests of small businesses and that receives a majority of its funding from small businesses located in this State'

Further amend the bill in section 6 in that part designated "§3904." in subsection 2 in paragraph A in subparagraph (1) in the last line (page 6, line 5 in L.D.) by inserting after the following: ";" the following: 'and'

Further amend the bill in section 6 in that part designated "~~§3904.~~" in subsection 2 in paragraph A in subparagraph (2) in the last line (page 6, line 8 in L.D.) by striking out the following: "~~; and~~" and inserting in its place the following: '._'

Further amend the bill in section 6 in that part designated "~~§3904.~~" in subsection 2 in paragraph A by striking out all of subparagraph (3).

Further amend the bill in section 6 in that part designated "~~§3909.~~" in the first paragraph in the 3rd line (page 13, line 14 in L.D.) by striking out the following: "~~April 1, 2003~~" and inserting in its place the following: '~~October 1, 2004~~'

Further amend the bill in section 6 in that part designated "~~§3909.~~" in the first paragraph in the 4th line (page 13, line 15 in L.D.) by striking out the following: "~~August 1, 2003~~" and inserting in its place the following: '~~February 1, 2005~~'

Further amend the bill in section 6 in that part designated "~~§3910.~~" by striking out all of subsection 4 and inserting in its place the following:

'4. Compliance with state law. Products offered by the association must comply with all relevant requirements of this Title applicable to individual health insurance policies, including requirements for mandated coverage for specific health services and specific diseases and for certain providers of health care services.'

Further amend the bill in section 6 in that part designated "~~§3911.~~" in subsection 4 in paragraph D in the 2nd line (page 16, line 13 in L.D.) by striking out the following: "~~\$1,000,000~~" and inserting in its place the following: '~~\$3,000,000~~'

Further amend the bill in section 6 by inserting after that part designated "~~§3912.~~" the following:

'§3913. Reimbursement of carrier

1. Reimbursement. A carrier may seek reimbursement from the association and the association shall reimburse the carrier to the extent claims made by a covered person after February 1, 2005 exceed premiums paid on a calendar year basis by the covered person to the carrier for a covered person who meets the following criteria:

A. The carrier sold an individual health plan to the covered person between December 1, 1993 and February 1, 2005 and the

policy that was sold has been continuously renewed by the covered person; and

B. The carrier is able to determine through the use of individual health statements, claims history or any reasonable means that at the time the person applied for insurance coverage with the carrier, the covered person was diagnosed with one of the following medical conditions: acquired immune deficiency syndrome, angina pectoris, ascites, chemical dependency cirrhosis of the liver, coronary occlusion, cystic fibrosis, Friedreich's ataxia, hemophilia, Hodgkin's disease, Huntington's chorea, juvenile diabetes, leukemia, metastatic cancer, motor or sensory aphasia, multiple sclerosis, muscular dystrophy, myasthenia gravis, myotonia, heart disease causing open heart surgery, Parkinson's disease, polycystic kidney, psychotic disorders, quadriplegia, stroke, syringomyelia or Wilson's disease.

2. Rules. The superintendent may adopt rules to facilitate payment to a carrier pursuant to this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.'

Further amend the bill in section 8 in the last line (page 17, line 32 in L.D.) by striking out the following: "March 1, 2005" and inserting in its place the following: 'March 1, 2006'

Further amend the bill in section 9 in the last line (page 17, line 36 in L.D.) by striking out the following: "October 1, 2004" and inserting in its place the following: 'February 1, 2005'

Further amend the bill by striking out all of the emergency clause.

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

SUMMARY

This amendment is the minority report of the committee. The amendment retains the Comprehensive Health Insurance Risk Pool Association to provide coverage for high-risk individuals and spread the cost of that coverage among all health insurance carriers doing business in the State. The amendment partially funds the high-risk pool by requiring health insurance carriers to pay an assessment based on the number of persons covered by that carrier. An individual insured through the high-risk pool

COMMITTEE AMENDMENT "A" to S.P. 394, L.D. 1190

may be charged a premium up to 150% of the average premium rates charged by carriers for similar health insurance plans.

The amendment repeals the guaranteed issuance requirement in the individual health insurance market. The amendment also broadens the community rating laws to allow carriers to vary premiums on the basis of age within a maximum rate differential on a ratio of 4 to 1 and on the basis of health status and tobacco use within a maximum rate differential on a ratio of 1.5 to 1. The provisions relating to guaranteed issuance and community rating take effect February 1, 2005.

The amendment also removes the emergency preamble and emergency clause.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT



**121st Maine Legislature
Office of Fiscal and Program Review**

LD 1190

**An Act To Create the Comprehensive Health Insurance Risk Pool
Association**

LR 0436(02)

**Fiscal Note for Bill as Amended by Committee Amendment "A"
Committee: Insurance and Financial Services**

**Fiscal Note Required: Yes
Minority Report**

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

The fiscal note assumes the Comprehensive Health Insurance Risk Pool Association would not require any additional appropriation or allocation of resources and would not result in transactions on the state's books because the Association would be established as an independent non-profit legal entity. Any additional cost to the Department of Professional and Financial Regulation in implementing this legislation can be absorbed by the department utilizing existing budgetary resources.