

MAINE STATE LEGISLATURE

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7
2003

L.D. 1507

DATE: 5-22-03

(Filing No. H-515)

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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. 1100, L.D. 1507, Bill, "An Act To Clarify and Update the Laws Related to Health Insurance"

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

'An Act To Clarify and Update the Laws and Rules Related to Health Care'

Further amend the bill by inserting after the title and before the enacting clause the following:

'Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, rules governing the Community Health Access Program have been drafted and are under review by the Department of Human Services; and

Whereas, current law designates those rules as major substantive rules and subject to legislative review before final approval; and

Whereas, the rules will not be provisionally adopted before adjournment of the Legislature; and

Whereas, this Act designates the rules as routine technical rules to allow the Community Health Access Program to become operational before the Legislature reconvenes next January; and

COMMITTEE AMENDMENT

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Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Further amend the bill by striking out all of Part B and inserting in its place the following:

PART B

Sec. B-1. 24 MRSA §2317-B, sub-§15-A, as enacted by PL 2003, c. 156, §1, is amended to read:

15-A. Title 24-A, section 2809-A. ~~Notice of cancellation and availability of individual coverage~~ Conversion on termination of policy or eligibility, Title 24-A, section 2809-A, subsections 1-A and 1-B;

Sec. B-2. 24-A MRSA §2809-A, sub-§1-A, as amended by PL 2003, c. 156, §§2 and 3, is further amended to read:

1-A. Notification of cancellation. An insurer ~~must provide by first class mail at least 10 days' prior notification of cancellation for nonpayment of premium~~ may not cancel or refuse to renew any policy for hospital, surgical, dental or major medical expense insurance until the insurer has provided by first class mail at least 10 days' prior notification according to this section. The notice must include the date of cancellation of coverage and, if applicable, the time period for exercising policy conversion rights. The notice also must include an explanation of any applicable grace period. Notification is not required when the insurer has received written notice from the group policyholder that replacement coverage has been obtained.

A. Notice must be mailed to the group policyholder or subgroup sponsor.

B-1. At the time of notification under paragraph A, notice must be mailed to the certificate holder at the last address provided to the insurer by the subgroup sponsor, ~~or the group policyholder to the insurer unless~~ or the certificate holder. If the insurer does not have an address on file for the certificate holder, the notice must be mailed to the office of the subgroup sponsor, if any, or the group policy holder. The notice must also include information to the certificate holder about the availability of individual coverage as described in subsection 1-B.

~~C. Notice must be mailed to the bureau.~~

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2 **Sec. B-3. 24-A MRSA §4209, sub-§6**, as amended by PL 2003, c.
156, §5, is further amended to read:

4
6 **6. Notification of cancellation.** A health maintenance
organization ~~must provide by first class mail at least 10 days'~~
7 ~~prior notification of cancellation for nonpayment of enrollment~~
8 ~~charges may not cancel or refuse to renew any group contract~~
9 ~~until it has provided by first class mail at least 10 days' prior~~
10 ~~notification~~ according to this section. The notice must include
11 the date of cancellation of coverage and the time period for
12 exercising contract conversion rights. The notice also must
13 include an explanation of any applicable grace period.
14 Notification is not required when the insurer health maintenance
15 organization has received written notice from the group contract
16 holder that replacement coverage has been obtained.

18 A. Notice must be mailed to the group contract holder or
19 subgroup sponsor.

20
21 B-1. At the time of notification under paragraph A, notice
22 must be mailed to the individual enrollee at the last
23 address provided to the health maintenance organization by
24 the subgroup sponsor ~~or the group contract holder to the~~
25 ~~health maintenance organization unless or the individual~~
26 ~~enrollee.~~ If the health maintenance organization does not
27 have an address on file for the individual enrollee, the
28 notice must be mailed to the office of the subgroup sponsor,
29 if any, or the group contract holder. The notice must also
30 include information to the individual enrollee about the
31 availability of individual coverage as described in section
32 2809-A, subsection 1-B.

34 ~~C. Notice must be mailed to the Bureau of Insurance.~~

36 Further amend the bill in Part D by striking out all of
37 section 1 and inserting in its place the following:

38 '**Sec. D-1. 24-A MRSA §2803-A, sub-§2**, as amended by PL 2001,
39 c. 410, Pt. B, §1, is further amended to read:

42 **2. Disclosure of basic loss information.** Upon written
43 request, every insurer shall provide loss information concerning
44 a group policy or contract to its policyholder or former
45 policyholder within 21 business days of the date of the request.
46 This subsection does not apply to a former policyholder whose
47 coverage terminated more than 18 months prior to the date of a
48 request.'

Further amend the bill by inserting after Part H the following:

PART I

Sec. I-1. 22 MRSA §3192, sub-§7, as enacted by PL 2001, c. 439, Pt. BBB, §1 and affected by §3, is amended to read:

7. Community health plan corporation excess insurance. In order to ensure adequate financial resources to pay for medical services allowed in the benefit plans developed by community health plan corporations, a local community health plan corporation is required to enter into agreements with insurers licensed in this State to obtain community health plan corporation excess insurance and to provide coverage for those portions of the health care benefits package that expose the corporations to financial risks beyond the resources of the corporation. The department may develop rules to provide further options for community health plan corporations to maintain financial solvency. Participation in the Medicaid program satisfies the requirement of this subsection. Rules adopted pursuant to this subsection are ~~major--substantive~~ routine technical rules as defined in Title 5, chapter 375, subchapter II-A and ~~must be reviewed before final approval by the joint standing committee of the Legislature having jurisdiction over health insurance matters~~ 2-A.

Sec. I-2. 22 MRSA §3192, sub-§8, ¶C, as enacted by PL 2001, c. 439, Pt. BBB, §1 and affected by §3, is amended to read:

C. The department may seek a waiver from the Federal Government as necessary to permit funding under the Medicaid program to be used for coverage of Medicaid-eligible individuals enrolled in a plan offered by a community health plan corporation. The department may adopt rules required to implement the waiver in accordance with this paragraph. Rules adopted pursuant to this paragraph are ~~major substantive~~ routine technical rules as defined in Title 5, chapter 375, subchapter II-A and ~~must be reviewed before final approval by the joint standing committee of the Legislature having jurisdiction over health insurance matters~~ 2-A.

Sec. I-3. 22 MRSA §3192, sub-§14, as enacted by PL 2001, c. 439, Pt. BBB, §1 and affected by §3, is amended to read:

14. Rules. The department shall adopt rules establishing minimum standards for financial solvency, benefit design, enrollee protections, disclosure requirements, conditions for limiting enrollment and procedures for dissolution of a community

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COMMITTEE AMENDMENT "A" to H.P. 1100, L.D. 1507

2 health plan corporation. The department may also adopt any rules
3 necessary to carry out the purposes of this section. Rules
4 adopted pursuant to this subsection are ~~major-substantive~~ routine
5 technical rules as defined in Title 5, chapter 375, subchapter
6 ~~II-A and must be reviewed before final approval by the joint~~
7 ~~standing committee of the Legislature having jurisdiction over~~
8 ~~health insurance matters 2-A.~~

9
10 **Emergency clause.** In view of the emergency cited in the
11 preamble, Part I of this Act takes effect when approved and Parts
12 A to H take effect 90 days after approval of this Act.'

13
14 Further amend the bill by relettering or renumbering any
15 nonconsecutive Part letter or section number to read
16 consecutively.

18 **SUMMARY**

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20 This amendment makes the changes to the notification
21 provisions in Part B of the bill consistent with Public Law 2003,
22 chapter 156. The amendment also clarifies that the requirement
23 that loss information be provided to a former group policyholder
24 upon request does not apply to policyholders whose coverage
25 terminated more than 18 months prior to the request. The
26 amendment also makes the rule-making process related to the
27 community health program routine technical rules rather than
28 major substantive rules.

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30 The amendment also adds an emergency preamble and emergency
31 clause to the bill.

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34 **FISCAL NOTE REQUIRED**
(See attached)

COMMITTEE AMENDMENT



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

LD 1507

**An Act To Clarify and Update the Laws and Rules Related to Health
Care**

LR 1913(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

Any additional cost to the Department of Professional and Financial Regulation and the Department of Human Services to implement this bill can be absorbed by the departments utilizing existing resources.