

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2005

Legislative Document

No. 114

H.P. 90

House of Representatives, January 11, 2005

An Act To Provide a Mandate-free Health Insurance Policy

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CRESSEY of Cornish.
Cosponsored by Senator SAVAGE of Knox and
Representatives: ANNIS of Dover-Foxcroft, DAVIS of Falmouth, FLETCHER of Winslow,
MOODY of Manchester, NASS of Acton, NUTTING of Oakland, SHIELDS of Auburn,
Senator: SNOWE-MELLO of Androscoggin.

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

Sec. 1. 24-A MRSA c. 33-A is enacted to read:

CHAPTER 33-A

BASIC CARE MEDICAL PLANS

§2761. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Basic care medical plan. "Basic care medical plan" or "plan" means a plan providing health care benefits in accordance with this chapter.

2. Basic care medical plan pool. "Basic care medical plan pool" or "pool" means a pool for distributing the risk among carriers as provided in section 2767.

3. Carrier. "Carrier" has the same meaning as in section 4301-A, subsection 3.

4. Eligible enrollee. "Eligible enrollee" means a person who, at the time of application and determination of eligibility for a basic care medical plan, has an annual income at 200% or below the federal non-farm income poverty level and has no other health insurance or health care coverage.

§2762. Basic care medical plan benefits

Carriers may issue basic care medical plans in accordance with this chapter, and those plans must meet the following requirements.

1. Availability of coverage. Coverage must be available to all eligible enrollees beginning on or after January 1, 2006.

2. Mandatory managed care provisions. The plan must include the following managed care provisions to control costs:

A. An exclusion for services that are not medically necessary or are not covered preventive health services; and

B. A procedure for preauthorization by the carrier or its designated utilization review entity.

2 3. Optional managed care provisions. The plan may include
4 the following managed care provisions to control costs:

6 A. A network of preferred providers;

8 B. Provisions requiring a 2nd surgical opinion; and

10 C. A procedure for additional utilization review by the
12 carrier or its designated utilization review entity.

14 This subsection may not be construed to prohibit a carrier from
16 including in its policy additional managed care and cost control
18 provisions that, subject to the approval of the superintendent,
20 have the potential to control costs in a manner that does not
22 result in inequitable treatment of enrollees.

24 4. Basic levels of care. The plan must provide basic levels
26 of care for enrollees, including, but not limited to, the
28 following:

30 A. A minimum of 90 days of inpatient hospitalization
32 coverage per policy year;

34 B. Prenatal, postnatal and well-baby care;

36 C. Professional services including inpatient medical care,
38 surgery and anesthesia, maternity delivery and emergency
40 care; and

42 D. Outpatient services including emergency care, ambulatory
44 or day surgery, diagnostic services, radiation and
46 chemotherapy.

48 5. Enrollee's responsibility for payment. The following
50 applies to the level of deductible, coinsurance and out-of-pocket
payment maximum established for basic care medical plans.

A. The plan must include a deductible not less than \$1,000
nor greater than \$5,000 per covered enrollee per policy year.

B. The plan must include a coinsurance amount not less than
20% nor greater than 40%, except that the plan may establish
coinsurance at not less than 40% nor greater than 75% for
emergency care provided by a hospital. The maximum
coinsurance amount per covered enrollee per policy year is
\$3,000.

C. The maximum out-of-pocket level may not be greater than
\$8,000 per covered enrollee per policy year.

2 **§2763. Exemption from mandates**

4 Except as provided in this chapter, any statutory provision
6 in this Title applicable to individual health insurance that
8 mandates medical benefits or coverage for certain specific health
10 services or diseases or certain providers of health care services
12 does not apply to basic care medical plans issued pursuant to
14 this chapter.

16 **§2764. Applicability of certain provisions relating to**
18 **individual health insurance**

20 The provisions of section 2736-C, including, but not limited
22 to, those provisions relating to community rating, guaranteed
24 issuance and guaranteed renewal, apply to basic care medical
26 plans issued pursuant to this chapter.

28 **§2765. Disclosure**

30 1. Statement to insured. On the application for coverage,
32 the carrier shall provide potential enrollees with a written
34 statement containing at least the following:

36 A. An explanation of the terms and conditions for benefits
38 under the plan, including information about covered
40 services, deductibles, coinsurance and out-of-pocket maximum
42 limits;

44 B. An explanation of those mandated benefits and providers
46 that are not covered by the plan pursuant to section 2763;
48 and

50 C. An explanation of the managed care and cost control
52 features of the plan.

54 2. Statement from enrollee. Before issuing a plan to an
56 eligible enrollee, a carrier shall obtain from the eligible
58 enrollee a signed written statement in which the eligible
60 enrollee:

62 A. Certifies that the enrollee and all dependents are
64 eligible for coverage under the plan;

66 B. Acknowledges the limited nature of the coverage and an
68 understanding of the managed care and cost control features
70 of the plan; and

72 C. Acknowledges that, if misrepresentations are made
74 regarding eligibility for coverage, the person making the

2 misrepresentations will forfeit coverage provided by the
3 plan.

4 **§2766. Forms**

6 All plan forms, including applications, evidence of
7 coverage, riders, amendments, endorsements and disclosure
8 statements, must be submitted to the superintendent for approval
9 in the same manner as required by section 2412.

10 **§2767. Basic care medical plan pool**

12 Carriers that issue basic care medical plans may form a pool
13 for the purpose of distributing among carriers in the pool the
14 financial risk of coverage for enrollees. The pool may not become
15 operational until the superintendent approves a plan of operation
16 submitted by carrier members. The superintendent may approve the
17 establishment of a pool only after a determination that the pool
18 is in the public interest and is consistent with this chapter and
19 any rules adopted pursuant to this chapter. The carrier members
20 of the pool shall guarantee, without limitation, the solvency of
21 the pool. The guarantee constitutes an ongoing financial
22 obligation of each carrier member on a pro rata basis.

24 **§2768. Rules**

26 The superintendent may adopt rules necessary to implement
27 this chapter. Rules adopted pursuant to this chapter are routine
28 technical rules as defined in Title 5, chapter 375, subchapter
29 2-A.

32 **SUMMARY**

34 This bill authorizes basic care medical plans to provide
35 health insurance with high deductibles and levels of
36 coinsurance. Individuals who have incomes at 200% or below the
37 federal non-farm income poverty level and have no other coverage
38 may purchase the plans. The plans cover hospitalization,
39 prenatal, postnatal and well-baby care, surgery and emergency and
40 outpatient care. The plans are exempt from all state laws
41 mandating insurance coverage of certain health care services or
42 certain health care providers. The plans are subject to
43 provisions relating to community rating, guaranteed issuance and
44 guaranteed renewal for individual health insurance policies. The
45 carriers that offer basic care medical plans are authorized to
46 form a pool to distribute the risk of providing coverage to
47 enrollees.