

MAINE STATE LEGISLATURE

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L.D. 1935

DATE: 5-22-06

(Filing No. H-1095)

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
122ND LEGISLATURE
SECOND REGULAR SESSION

HOUSE AMENDMENT "F" to COMMITTEE AMENDMENT "A" to S.P. 736, L.D. 1935, Bill, "An Act To Protect Health Insurance Consumers"

Amend the amendment in Part A by striking out all of sections 1 to 4 and inserting in their place the following:

Sec. A-1. 24-A MRSA §2736, sub-§3, ¶B, as amended by PL 2003, c. 469, Pt. E, §9, is further amended to read:

B. The insurer must demonstrate in accordance with generally accepted actuarial principles and practices consistently applied that, as of a date no more than 210 days prior to the filing, the ratios of benefits incurred to premiums earned for those products average no less than 80% for the previous 12-month period. ~~For the purposes of this calculation, any savings offset payments paid pursuant to section 6913 must be treated as incurred claims.~~

Sec. A-2. 24-A MRSA §2736, sub-§4, ¶C, as amended by PL 2003, c. 469, Pt. E, §10, is further amended to read:

C. In any hearing conducted under this subsection, the Bureau of Insurance and any party asserting that the rates are excessive have the burden of establishing that the rates are excessive. The burden of proving that rates are adequate, or not unfairly discriminatory ~~and in compliance with the requirements of section 6913~~ remains with the insurer.

2 **Sec. A-3. 24-A MRSA §2736-A, first ¶**, as amended by PL 2003, c.
469, Pt. E, §11, is further amended to read:

4 If at any time the superintendent has reason to believe that
6 a filing does not meet the requirements that rates not be
excessive, inadequate, or unfairly discriminatory ~~or not in~~
~~compliance with section 6913~~ or that the filing violates any of
8 the provisions of chapter 23, the superintendent shall cause a
hearing to be held.

10 **Sec. A-4. 24-A MRSA §2736-C, sub-§2, ¶F**, as enacted by PL
12 2003, c. 469, Pt. E, §12, is repealed.

14 **Sec. A-5. 24-A MRSA §2736-C, sub-§5**, as amended by PL 2003, c.
469, Pt. E, §13, is further amended to read:

16 **5. Loss ratios.** For all policies and certificates issued
18 on or after the effective date of this section, the
superintendent shall disapprove any premium rates filed by any
20 carrier, whether initial or revised, for an individual health
policy unless it is anticipated that the aggregate benefits
22 estimated to be paid under all the individual health policies
maintained in force by the carrier for the period for which
24 coverage is to be provided will return to policyholders at least
65% of the aggregate premiums collected for those policies, as
26 determined in accordance with accepted actuarial principles and
practices and on the basis of incurred claims experience and
28 earned premiums. ~~For the purposes of this calculation, any~~
~~savings offset payments paid pursuant to section 6913 must be~~
30 ~~treated as incurred claims.~~

32 **Sec. A-6. 24-A MRSA §2808-B, sub-§2-A, ¶C**, as enacted by PL
34 2003, c. 469, Pt. E, §16, is amended to read:

36 C. Rates for small group health plans must be filed in
accordance with this section and subsections 2-B and 2-C for
38 premium rates effective on or after July 1, 2004, ~~except~~
~~that the filing of rates for small group health plans are~~
~~not required to account for any savings offset payment or~~
~~any recovery of that offset payment pursuant to subsection~~
~~2-B, paragraph D and section 6913 for rates effective before~~
42 ~~July 1, 2005.~~

44 **Sec. A-7. 24-A MRSA §2808-B, sub-§2-B, ¶A**, as enacted by PL
46 2003, c. 469, Pt. E, §16, is amended to read:

48 A. The superintendent shall disapprove any premium rates
filed by any carrier, whether initial or revised, for a
small group health plan unless it is anticipated that the
50 aggregate benefits estimated to be paid under all the small

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2 group health plans maintained in force by the carrier for
3 the period for which coverage is to be provided will return
4 to policyholders at least 75% of the aggregate premiums
5 collected for those policies, as determined in accordance
6 with accepted actuarial principles and practices and on the
7 basis of incurred claims experience and earned premiums. For
8 ~~the purposes of this calculation, any savings offset
payments paid pursuant to section 6913 must be treated as
incurred claims.~~

10 **Sec. A-8. 24-A MRSA §2808-B, sub-§2-B, ¶D,** as enacted by PL
12 2003, c. 469, Pt. E, §16, is repealed.

14 **Sec. A-9. 24-A MRSA §2808-B, sub-§2-B, ¶F,** as enacted by PL
16 2003, c. 469, Pt. E, §16, is amended to read:

18 F. Any rate hearing conducted with respect to filings that
19 meet the criteria in paragraph E is subject to this
20 paragraph.

22 (1) A person requesting a hearing shall provide the
23 superintendent with a written statement detailing the
24 circumstances that justify a hearing, notwithstanding
the satisfaction of the criteria in paragraph E.

26 (2) If the superintendent decides to hold a hearing,
27 the superintendent shall issue a written statement
28 detailing the circumstances that justify a hearing,
29 notwithstanding the satisfaction of the criteria in
30 paragraph E.

32 (3) In any hearing conducted under this paragraph, the
33 bureau and any party asserting that the rates are
34 excessive have the burden of establishing that the
35 rates are excessive. The burden of proving that rates
36 are adequate, or not unfairly discriminatory and ~~in
compliance with the requirements of section 6913~~
38 remains with the carrier.

40 **Sec. A-10. 24-A MRSA §2839-B, sub-§2,** as enacted by PL 2003,
42 c. 469, Pt. E, §17, is amended to read:

44 **2. Annual filing.** Every carrier offering group health
45 insurance specified in subsection 1 shall annually file with the
46 superintendent on or before April 30th a certification signed by
47 a member in good standing of the American Academy of Actuaries or
48 a successor organization that the carrier's rating methods and
49 practices are in accordance with generally accepted actuarial
50 principles and with the applicable actuarial standards of
practice as promulgated by an actuarial standards board. The

PL 019

2 ~~filing must also certify that the carrier has included in its~~
3 ~~experience any savings offset payments or recovery of these~~
4 ~~savings offset payments consistent with section 6913.~~ The filing
5 also must state the number of policyholders, certificate holders
6 and dependents, as of the close of the preceding calendar year,
7 enrolled in large group health insurance plans offered by the
8 carrier. A filing and supporting information are public records
9 except as provided by Title 1, section 402, subsection 3.

10 **Sec. A-11. 24-A MRSA §6908, sub-§2, ¶B,** as enacted by PL 2003,
11 c. 469, Pt. A, §8, is repealed.

12 **Sec. A-12. 24-A MRSA §6913,** as amended by PL 2005, c. 400,
13 Pt. A, §§10 to 13 and Pt. C, §9, is repealed.

14 **Sec. A-13. 24-A MRSA §6915,** as amended by PL 2005, c. 386,
15 Pt. D, §3, is further amended to read:

16 **§6915. Dirigo Health Enterprise Fund**

17
18
19 The Dirigo Health Enterprise Fund is created as an
20 enterprise fund for the deposit of any funds advanced for initial
21 operating expenses, payments made by employers and individuals,
22 ~~any savings offset payments made pursuant to section 6913~~ and any
23 funds received from any public or private source. The fund may
24 not lapse, but must be carried forward to carry out the purposes
25 of this chapter.

26
27 **Sec. A-14. 24-A MRSA §6951, first ¶,** as enacted by PL 2003, c.
28 469, Pt. A, §8, is amended to read:

29
30 The Maine Quality Forum, referred to in this subchapter as
31 "the forum," is established within Dirigo Health. The forum is
32 governed by the board with advice from the Maine Quality Forum
33 Advisory Council pursuant to section 6952. The forum must be
34 funded, ~~at least in part, through the savings offset payments~~
35 ~~made pursuant to section 6913~~ within the limitations of available
36 funds. Except as provided in section 6907, subsection 2,
37 information obtained by the forum is a public record as provided
38 by Title 1, chapter 13, subchapter 1. The forum shall perform
39 the following duties.'

40
41 Further amend the amendment by relettering or renumbering
42 any nonconsecutive Part letter or section number to read
43 consecutively.

46


R. 013

HOUSE AMENDMENT "F" to COMMITTEE AMENDMENT "A" to S.P. 736, L.D.
1935

SUMMARY

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12

This amendment repeals the savings offset payment as the source of funding for subsidies for the Dirigo Health Program.

SPONSORED BY: 
(Representative LINELL)

TOWN: Frankfort

FISCAL NOTE REQUIRED
(See attached)

HOUSE AMENDMENT



122nd MAINE LEGISLATURE

LD 1935

LR 2809(10)

An Act To Protect Health Insurance Consumers

Fiscal Note for House Amendment "F" to Committee Amendment "A"

Sponsor: Rep. Lindell

Fiscal Note Required: Yes

Fiscal Note

	2005-06	2006-07	Projections 2007-08	Projections 2008-09
Revenue				
Other Funds	\$0	(\$23,000,000)	(\$43,700,000)	(\$43,700,000)

Fiscal Detail and Notes

This fiscal note reflects the incremental difference between the amendment and the majority report. It assumes the elimination of the Savings Offset Payment (SOP) would further reduce Dirigo Health Enterprise Fund revenue. For the purposes of this fiscal estimate, future year SOPs are assumed to be equal to the 2006 SOP. It is further assumed that, with this amendment's additional reduction in revenue and given that the deallocations already included in the bill do not fully offset the reduction in revenue already included in the bill, Dirigo Health would need to exercise existing authority to keep program spending within available resources. The precise impact on the program cannot be determined at this time.