

MAINE STATE LEGISLATURE

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Legislative Document

No. 476

S.P. 163

February 1, 2007

An Act To Establish a Reinsurance Fund To Expand Health Insurance Coverage for Individuals and Small Groups

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

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator ROSEN of Hancock.

Cosponsored by Senators: NASS of York, RAYE of Washington, TURNER of Cumberland,
Representatives: RECTOR of Thomaston, SCHATZ of Blue Hill.

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

2 **Sec. 1. 24-A MRSA c. 54, is enacted to read:**

3 **CHAPTER 54**

4 **HEALTH INSURANCE INDIVIDUAL AND SMALL GROUP**
5 **REINSURANCE FUND**

6 **§3901. Short title**

7 This chapter may be known and cited as "the Health Insurance Individual and Small
8 Group Reinsurance Fund Act."

9 **§3902. Definitions**

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

12 1. **Carrier.** "Carrier" means an insurance company, nonprofit hospital and medical
13 service organization or health maintenance organization authorized to issue individual
14 health plans or small group health plans in this State.

15 2. **Enrollee.** "Enrollee" means a person covered under an individual health plan or
16 small group health plan.

17 3. **Individual health plan.** "Individual health plan" has the same meaning as in
18 section 2736-C, subsection 1, paragraph C.

19 4. **Small group health plan.** "Small group health plan" has the same meaning as in
20 section 2808-B, subsection 1, paragraph G.

21 **§3903. Health Insurance Individual and Small Group Reinsurance Fund**

22 1. **Fund established.** The superintendent shall establish the Health Insurance
23 Individual and Small Group Reinsurance Fund, referred to in this chapter as "the fund,"
24 from which carriers may receive reimbursement, to the extent funds are available, for
25 claims paid by such carriers for enrollees. The superintendent shall establish separate and
26 distinct accounts for funds from which carriers may receive reimbursement for claims
27 paid under individual and small group health plans. The fund is created as an enterprise
28 fund for the deposit of any funds appropriated or allocated to the fund from any public or
29 private source. The fund may not lapse but must be carried forward to carry out the
30 purposes of this chapter.

31 2. **Reinsurance levels; eligibility.** A carrier is eligible to receive reimbursement for
32 90% of claims paid between \$25,000 and \$75,000 in a calendar year for any enrollee
33 covered under an individual or small group health plan. Once claims paid on behalf of an
34 enrollee reach or exceed \$75,000 in a given calendar year, no further claims paid on
35 behalf of that enrollee in that calendar year are eligible for reimbursement. The

1 superintendent may reallocate the money available for distribution from the fund among
2 the individual and small group reinsurance accounts if the superintendent determines that
3 such reallocation is warranted due to enrollment trends.

4 **3. Claims for reimbursement.** A carrier is eligible for reimbursement on claims
5 only for the calendar year in which the claims are paid. A carrier must submit a request
6 for reimbursement for eligible individual and small group health plan claims on forms
7 prescribed by the superintendent. A reimbursement claim must be submitted no later than
8 April 1st following the end of the calendar year for which the reimbursement requests are
9 being made. The superintendent may require a carrier to submit any claims data in
10 connection with the reimbursement requests that the superintendent considers necessary
11 to oversee the operation of the fund. The data must be submitted in the form and manner
12 prescribed by the superintendent and reported separately for individual and small group
13 health plans.

14 **4. Distribution; pro rata distribution permitted.** The superintendent shall
15 distribute reimbursement amounts from the fund to carriers on a calendar year basis. For
16 each reinsurance account within the fund, the superintendent shall calculate the total
17 claims reimbursement amount for all carriers for the calendar year for which claims are
18 being reported. In the event that the total amount requested for reimbursement for a
19 calendar year exceeds funds available for distribution for claims paid during that same
20 calendar year, the superintendent shall provide for the pro rata distribution of the
21 available funds. Each carrier is eligible to receive only such proportionate amount of the
22 available funds as the individual carrier's total eligible claims paid bears to the total
23 eligible claims paid by all carriers. In the event that funds available for distribution for
24 claims paid by all carriers during a calendar year exceed the total amount requested for
25 reimbursement by all carriers during that same calendar year, the excess funds must be
26 carried forward and made available for distribution in the next calendar year. Any excess
27 funds are in addition to the funds appropriated for the fund in the next calendar year.

28 **5. Estimate of total reimbursement; actuarial assumptions.** The superintendent
29 shall separately estimate the per enrollee annual cost of total claims reimbursement from
30 each reinsurance account based upon available data and appropriate actuarial
31 assumptions. Upon request, each carrier shall furnish to the superintendent claims
32 experience data and enrollment data for use in such estimations. The data must be
33 furnished in the form and manner prescribed by the superintendent.

34 **6. Administrator.** The superintendent may obtain the services, through a
35 competitive bidding process, of a 3rd-party administrator or other organization to
36 administer the fund.

37 **7. Purchase of stop loss or excess insurance.** The superintendent, or the
38 administrator of the fund pursuant to subsection 6 with the prior approval of the
39 superintendent, may purchase stop loss or excess insurance from an insurance company
40 authorized to do business in this State. Such stop loss or excess insurance may be
41 purchased in an amount and at attachment levels determined appropriate by the
42 superintendent for the purposes of providing reimbursement of claims in accordance with
43 this section.

