

MAINE STATE LEGISLATURE

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Minority

INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
124TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 230, L.D. 290, Bill, "An Act To Allow Maine Residents To Purchase Health Insurance from Out-of-state Insurers"

Amend the bill by striking out all of sections 2 and 3 and inserting the following:

'Sec. 2. 24-A MRSA §405-A is enacted to read:

§405-A. Certification of regional insurers or health maintenance organizations to transact individual health insurance

To qualify under this section and section 405, subsection 7, a regional insurer or health maintenance organization, as described in this section, may not transact individual health insurance in this State by mail, the Internet or otherwise unless the superintendent has issued a certification that the requirements of this section have been met. The superintendent shall issue a certification or deny certification within 30 days of a request. A regional insurer or health maintenance organization shall meet the following requirements.

1. Regional insurer; authority to transact individual health insurance in certain states. As used in this section, "regional insurer or health maintenance organization" means an insurer or health maintenance organization that is domiciled in and holds a valid certificate of authority to transact individual health insurance in one of the following states: Connecticut, Massachusetts, New Hampshire, Rhode Island and Vermont.

2. Compliance with laws of state. Any policy, contract or certificate of individual health insurance offered for sale in this State by a regional insurer or health maintenance organization must comply with the applicable individual health insurance laws in the state of its domicile, and any such policy must be actively marketed in that state.

3. Minimum surplus and reserve levels. The regional insurer or health maintenance organization shall maintain minimum capital and surplus requirements and maintain reserves as required by section 410; section 901-A; sections 951 to 958-A; section 4204, subsection 2-A, paragraph D; and section 4204-A, as applicable.

COMMITTEE AMENDMENT

1 **4. Disclosure and reporting.** The regional insurer or health maintenance
2 organization shall meet the requirements of section 4302 for reporting plan information
3 with respect to individual health plans offered for sale in this State and disclose to
4 prospective enrollees how the health plans differ from individual health plans offered by
5 domestic insurers in a format approved by the superintendent within 90 days of the
6 effective date of this section. Health plan policies and applications for coverage must
7 contain the following disclosure statement or a substantially similar statement: "This
8 policy is issued by a regional insurer or health maintenance organization and is governed
9 by the laws and regulations of [state of regional insurer or health maintenance
10 organization's state of domicile]. This policy may not be subject to all the insurance laws
11 and rules of the State of Maine, including coverage of certain health care services or
12 benefits mandated by Maine law. Before purchasing this policy, you should carefully
13 review the terms and conditions of coverage under this policy, including any exclusions
14 or limitations of coverage."

15 **5. Grievance procedures.** The regional insurer or health maintenance organization
16 shall meet the requirements of section 4303, subsection 4 for grievance procedures with
17 respect to health plans offered for sale in this State.

18 **6. Complaint process.** The regional insurer or health maintenance organization
19 shall respond to inquiries from the bureau related to consumer complaints in accordance
20 with section 220, subsection 2.

21 **7. Unfair trade practices.** The provisions of chapter 23 apply to the regional
22 insurer or health maintenance organization permitted to transact health insurance under
23 this section or section 405.

24 **8. Taxes; assessments.** The regional insurer or health maintenance organization is
25 subject to applicable taxes or assessments imposed on insurers transacting individual
26 health insurance in this State pursuant to this Title and Title 36.

27 **9. Service of process.** The regional insurer or health maintenance organization shall
28 designate an agent for receiving service of legal documents and process in the manner
29 provided in this Title.

30 **10. Compliance with court orders.** The regional insurer or health maintenance
31 organization shall comply with lawful orders from courts of competent jurisdiction issued
32 on a voluntary dissolution proceeding or in response to a petition for an injunction by the
33 superintendent asserting that the regional insurer or health maintenance organization is in
34 a hazardous financial condition.

35 **11. Participation in guaranty association.** The regional insurer or health
36 maintenance organization shall participate in an insurance insolvency guaranty
37 association to which a domestic insurer or health maintenance organization that transacts
38 individual health insurance in this State is required to belong in accordance with this
39 Title. The regional insurer or health maintenance organization is considered a "member
40 insurer" as defined under section 4605-A for the purposes of participation in the
41 insurance insolvency guaranty association.

42 For the purposes of this section, "health insurance" does not include the following
43 types of insurance or any combination of those types of insurance: accidental injury,

1 specified disease, hospital indemnity, dental, vision, disability income, long-term care,
2 Medicare supplement or other limited benefit health insurance.

3 Except as expressly provided in this section, the requirements of this Title do not
4 apply to a regional insurer or health maintenance organization permitted to transact health
5 insurance under this section or section 405.

6 **Sec. 3. 24-A MRSA §405-B** is enacted to read:

7 **§405-B. Domestic insurers; individual health insurance approved in other states**

8 Notwithstanding any other provision of this Title except as expressly provided, a
9 domestic insurer or health maintenance organization may offer for sale in this State an
10 individual health plan duly authorized for sale in another state by a parent or subsidiary of
11 the domestic insurer if the following requirements are met.

12 **1. Certificate of authority from state of domicile.** The parent or subsidiary of the
13 domestic insurer or health maintenance organization must be domiciled in and hold a
14 valid certificate of authority to transact individual health insurance in one of the
15 following states: Connecticut, Massachusetts, New Hampshire, Rhode Island and
16 Vermont.

17 **2. Compliance with laws of state of domicile.** Any policy, contract or certificate of
18 individual health insurance offered for sale in this State by a domestic insurer or health
19 maintenance organization must comply with the applicable individual health insurance
20 laws in the state of domicile of the parent or subsidiary, and any such policy must be
21 actively marketed in that state.

22 **3. Disclosure and reporting.** The domestic insurer or health maintenance
23 organization shall meet the requirements of section 4302 for reporting plan information
24 with respect to individual health plans offered for sale in this State and disclose to
25 prospective enrollees how the individual health plans of the parent or subsidiary differ
26 from individual health plans offered by domestic insurers in a format approved by the
27 superintendent within 90 days of the effective date of this section. Health plan policies
28 and applications for coverage must contain the following disclosure statement or a
29 substantially similar statement: "This policy is issued by a domestic insurer or health
30 maintenance organization but is governed by the laws and rules of [state of domicile of
31 parent or subsidiary of domestic insurer], which is the state of domicile of the parent or
32 subsidiary of the domestic insurer or health maintenance organization. This policy may
33 not be subject to all the insurance laws and rules of the State of Maine, including
34 coverage of certain health care services or benefits mandated by Maine law. Before
35 purchasing this policy, you should carefully review the terms and conditions of coverage
36 under this policy, including any exclusions or limitations of coverage."

37 **4. Grievance procedures.** The domestic insurer or health maintenance organization
38 shall meet the requirements of section 4303, subsection 4 for grievance procedures with
39 respect to health plans offered for sale in this State.

40 **Sec. 4. Appropriations and allocations.** The following appropriations and
41 allocations are made.

42 **PROFESSIONAL AND FINANCIAL REGULATION, DEPARTMENT OF**

1000

Insurance - Bureau of 0092

Initiative: Allocates funds for the costs of implementing and administering the provisions permitting out-of-state carriers to offer health insurance policies to Maine residents, including the costs of one half-time Attorney position, one Insurance Claims Examiner position and one half-time Public Service Manager I position.

OTHER SPECIAL REVENUE FUNDS	2009-10	2010-11
POSITIONS - LEGISLATIVE COUNT	2.000	2.000
Personal Services	\$75,417	\$159,709
All Other	\$49,253	\$47,291
OTHER SPECIAL REVENUE FUNDS TOTAL	\$124,670	\$207,000

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. This amendment:

1. Removes language from the bill that would have authorized out-of-state health insurers to offer group health plans for sale in the State, and retains language that authorizes out-of-state health insurers to offer individual health plans for sale in the State;
2. Clarifies that the out-of-state insurer must respond to any consumer complaints raised to the Department of Professional and Financial Regulation, Bureau of Insurance;
3. Clarifies that the term "health insurance" does not include accidental injury, specified disease, hospital indemnity, dental, vision, disability income, long-term care, Medicare supplement or other limited benefit health insurance; and
4. Adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)



124th MAINE LEGISLATURE

LD 290

LR 276(02)

An Act To Allow Maine Residents To Purchase Health Insurance from Out-of-state Insurers

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

Fiscal Note

	2009-10	2010-11	Projections 2011-12	Projections 2012-13
Appropriations/Allocations				
Other Special Revenue Funds	\$124,670	\$207,000	\$216,582	\$226,740
Revenue				
Other Special Revenue Funds	\$127,231	\$212,122	\$221,705	\$231,862

Fiscal Detail and Notes

Provides an Other Special Revenue Funds allocation of \$124,670 in 2009-10 and \$207,000 in 2010-11 to the Bureau of Insurance in the Department of Professional and Financial Services for the costs of implementing and administering the bill's provisions permitting out-of-state carriers to offer health insurance policies to Maine residents including the costs of one half-time Attorney position, one Insurance Claims Examiner position, and one part-time Public Service Manager 1 position. Revenues will be generated through assessment of insurers and health maintenance organizations.

The Department of the Attorney General will incur some minor additional costs. These costs can be supported utilizing existing budgeted resources.