

# MAINE STATE LEGISLATURE

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# 125th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2011

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Legislative Document

No. 226

S.P. 77

In Senate, February 1, 2011

### **An Act To Allow Maine Citizens To Buy Health Insurance across State Lines**

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

*Joseph G. Carleton Jr.*

JOSEPH G. CARLETON, JR.  
Secretary of the Senate

Presented by Senator SULLIVAN of York.  
Cosponsored by Senator KATZ of Kennebec, Representative AYOTTE of Caswell and  
Senators: COLLINS of York, HILL of York, Representative: RICHARDSON of Warren.

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

2 **Sec. 1. 24-A MRSA §405, sub-§6**, as enacted by PL 1969, c. 132, §1, is amended  
3 to read:

4 **6.** Any suit or action by the duly constituted receiver, rehabilitator or liquidator of  
5 the insurer, or of the insurer's assignee or successor, under laws similar to those contained  
6 in chapter 57 (delinquency proceedings; rehabilitation and liquidation); or

7 **Sec. 2. 24-A MRSA §405, sub-§7** is enacted to read:

8 7. Transactions pursuant to individual or group health insurance covering residents  
9 of this State written by a regional insurer or health maintenance organization, as defined  
10 in section 405-A, duly authorized or qualified to transact individual or group health  
11 insurance in the state or country of its domicile if the superintendent certifies that the  
12 regional insurer or health maintenance organization meets the requirements of section  
13 405-A.

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

15 **§405-A. Certification of regional insurers or health maintenance organizations to**  
16 **transact individual or group health insurance**

17 **1. Regional insurer or health maintenance organization defined.** As used in this  
18 section, "regional insurer or health maintenance organization" means an insurer or health  
19 maintenance organization that holds a valid certificate of authority to transact individual  
20 or group health insurance in one of the following states: Connecticut, Massachusetts,  
21 New Hampshire, Rhode Island and Vermont.

22 **2. Certification of regional insurers or health maintenance organizations.** A  
23 regional insurer or health maintenance organization may not transact individual or group  
24 health insurance in this State by mail, the Internet or otherwise unless the superintendent  
25 has issued a certification that the regional insurer or health maintenance organization has  
26 met the requirements of this subsection. The superintendent shall issue a certification or  
27 deny certification within 30 days of a request. In order to be certified, the regional  
28 insurer or health maintenance organization must meet the requirements of this subsection.

29 A. A policy, contract or certificate of individual or group health insurance offered for  
30 sale in this State by the regional insurer or health maintenance organization must  
31 comply with the applicable individual and group health insurance laws in the state or  
32 country of its domicile and must be actively marketed in that state or country.

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

37 C. The regional insurer or health maintenance organization shall meet the  
38 requirements of section 4302 for reporting plan information with respect to individual  
39 and group health plans offered for sale in this State and disclose to prospective

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

12           D. The regional insurer or health maintenance organization shall meet the  
13           requirements of section 4303, subsection 4 for grievance procedures with respect to  
14           health plans offered for sale in this State.

15           E. The regional insurer or health maintenance organization shall designate an agent  
16           for receiving service of legal documents and process in the manner provided in this  
17           Title.

18           F. The regional insurer or health maintenance organization shall participate in an  
19           insurance insolvency guaranty association to which a domestic insurer or health  
20           maintenance organization that transacts individual or group health insurance in this  
21           State is required to belong in accordance with this Title.

22           **3. Unfair trade practices.** The provisions of chapter 23 apply to a regional insurer  
23           or health maintenance organization permitted to transact individual or group health  
24           insurance under this section or section 405.

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

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

33           Except as expressly provided in this section, the requirements of this Title do not  
34           apply to a regional insurer or health maintenance organization permitted to transact  
35           individual or group health insurance under this section or section 405.

36           **Sec. 4. 24-A MRSA §405-B** is enacted to read:

37           **§405-B. Domestic insurers; individual and group health insurance approved in**  
38           **other states**

39           Notwithstanding any other provision of this Title, a domestic insurer or health  
40           maintenance organization may offer for sale in this State an individual or group health

1 plan duly authorized for sale in another state by a parent or subsidiary of the domestic  
2 insurer if the following requirements are met:

3 **1. Certificate of authority from state of domicile.** The parent or subsidiary of the  
4 domestic insurer or health maintenance organization must hold a valid certificate of  
5 authority to transact individual health insurance in one of the following states:  
6 Connecticut, Massachusetts, New Hampshire, Rhode Island and Vermont;

7 **2. Compliance with laws of state of domicile.** A policy, contract or certificate of  
8 individual or group health insurance offered for sale in this State by the domestic insurer  
9 or health maintenance organization must comply with the applicable individual and group  
10 health insurance laws in the state of domicile of the parent or subsidiary and must be  
11 actively marketed in that state;

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

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

31 **Sec. 5. Effective date.** This Act takes effect January 1, 2012.

32 **SUMMARY**

33 This bill permits insurers authorized to transact individual or group health insurance  
34 in Connecticut, Massachusetts, New Hampshire, Rhode Island and Vermont to offer their  
35 individual and group health plans for sale in this State if certain requirements of Maine  
36 law are met, including minimum capital and surplus and reserve requirements, disclosure  
37 and reporting requirements and grievance procedures. It also permits Maine health  
38 insurers to offer individual health plans of out-of-state parent or subsidiary health insurers  
39 if similar requirements are met. If out-of-state health plans are offered for sale in this  
40 State, the bill requires that prospective enrollees be provided adequate disclosure in a

1 format approved by the Superintendent of Insurance of how the plans differ from Maine  
2 health plans. The bill includes an effective date of January 1, 2012.