

MAINE STATE LEGISLATURE

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P. 30

Date: 5-12-11

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
125TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 979, L.D. 1333, Bill, "An Act To Modify Rating Practices for Individual and Small Group Health Plans and To Encourage Value-based Purchasing of Health Care Services"

Amend the amendment in Part A in section 1 by striking out all of paragraph C (page 1, lines 17 to 21 in amendment) and inserting the following:

'C. A carrier may vary the premium rate due to ~~smoking status and family membership. The superintendent may adopt rules setting forth appropriate methodologies regarding rate discounts based on smoking status. Rules adopted pursuant to this paragraph are routine technical rules as defined in Title 5, chapter 375, subchapter II-A.~~

Amend the amendment in Part A in section 2 in paragraph D in the first line (page 1, line 24 in amendment) by striking out the following: "and geographic area" and inserting the following: 'and, geographic area and'

Amend the amendment in Part A in section 2 in paragraph D by striking out all of subparagraphs (5), (6) and (7) (page 2, lines 29 to 43 in amendment) and inserting the following:

'(5) For all policies, contracts or certificates that are executed, delivered, issued for delivery, continued or renewed in this State between July 1, 2012 and December 31, 2013, the maximum rate differential due to age and geographic area filed by the carrier as determined by ratio is 3 to 1. In determining the rating factor for geographic area pursuant to this subparagraph, the ratio between the highest and lowest rating factor used by a carrier for geographic area may not exceed 1.5 and the ratio between the highest and lowest combined rating factors for age and geographic area may not exceed 3. The limitation does not apply for determining rates for an attained age of less than 19 years of age or more than 65 years of age.

'(6) For all policies, contracts or certificates that are executed, delivered, issued for delivery, continued or renewed in this State between January 1, 2014 and December 31, 2014, the maximum rate differential due to age and geographic area filed by the carrier as determined by ratio is 4 to 1. In determining the rating factor for geographic area pursuant to this subparagraph, the ratio between the

1 highest and lowest rating factor used by a carrier for geographic area may not
2 exceed 1.5 and the ratio between the highest and lowest combined rating factors
3 for age and geographic area may not exceed 4. The limitation does not apply for
4 determining rates for an attained age of less than 19 years of age or more than 65
5 years of age.

6 (7) For all policies, contracts or certificates that are executed, delivered, issued
7 for delivery, continued or renewed in this State on or after January 1, 2015, the
8 maximum rate differential due to age and geographic area filed by the carrier as
9 determined by ratio is 5 to 1. In determining the rating factor for geographic area
10 pursuant to this subparagraph, the ratio between the highest and lowest rating
11 factor used by a carrier for geographic area may not exceed 1.5 and the ratio
12 between the highest and lowest combined rating factors for age and geographic
13 area may not exceed 5. The limitation does not apply for determining rates for an
14 attained age of less than 19 years of age or more than 65 years of age.'

15 Amend the amendment in Part A by striking out all of section 4 and inserting the
16 following:

17 **'Sec. A-4. 24-A MRSA §2736-C, sub-§2, ¶I** is enacted to read:

18 I. A carrier that offered individual health plans prior to July 1, 2012 may close its
19 individual book of business sold prior to July 1, 2012 and may establish a separate
20 community rate for individuals applying for coverage under an individual health plan
21 on or after July 1, 2012. If a carrier closes its individual book of business as
22 permitted under this paragraph, the carrier may vary the premium rate for individuals
23 in that closed book of business only as permitted in this paragraph.

24 (1) For all policies, contracts or certificates that are executed, delivered, issued
25 for delivery, continued or renewed in this State between July 1, 2012 and
26 December 31, 2012, the maximum rate differential due to age and geographic
27 area filed by the carrier as determined by ratio is 2 to 1. In determining the
28 rating factor for geographic area pursuant to this subparagraph, the ratio between
29 the highest and lowest rating factor used by a carrier for geographic area may not
30 exceed 1.5 and the ratio between the highest and lowest combined rating factors
31 for age and geographic area may not exceed 2. The limitation does not apply for
32 determining rates for an attained age of less than 19 years of age or more than 65
33 years of age.

34 (2) For all policies, contracts or certificates that are executed, delivered, issued
35 for delivery, continued or renewed in this State between January 1, 2013 and
36 December 31, 2013, the maximum rate differential due to age and geographic
37 area filed by the carrier as determined by ratio is 2.5 to 1. In determining the
38 rating factor for geographic area pursuant to this subparagraph, the ratio between
39 the highest and lowest rating factor used by a carrier for geographic area may not
40 exceed 1.5 and the ratio between the highest and lowest combined rating factors
41 for age and geographic area may not exceed 2.5. The limitation does not apply
42 for determining rates for an attained age of less than 19 years of age or more than
43 65 years of age.

H. 979

1 (3) For all policies, contracts or certificates that are executed, delivered, issued
2 for delivery, continued or renewed in this State between January 1, 2014 and
3 December 31, 2014, the maximum rate differential due to age and geographic
4 area filed by the carrier as determined by ratio is 3 to 1. In determining the rating
5 factor for geographic area pursuant to this subparagraph, the ratio between the
6 highest and lowest rating factor used by a carrier for geographic area may not
7 exceed 1.5 and the ratio between the highest and lowest combined rating factors
8 for age and geographic area may not exceed 3. The limitation does not apply for
9 determining rates for an attained age of less than 19 years of age or more than 65
10 years of age.

11 (4) For all policies, contracts or certificates that are executed, delivered, issued
12 for delivery, continued or renewed in this State between January 1, 2015 and
13 December 31, 2015, the maximum rate differential due to age and geographic
14 area filed by the carrier as determined by ratio is 4 to 1. In determining the rating
15 factor for geographic area pursuant to this subparagraph, the ratio between the
16 highest and lowest rating factor used by a carrier for geographic area may not
17 exceed 1.5 and the ratio between the highest and lowest combined rating factors
18 for age and geographic area may not exceed 4. The limitation does not apply for
19 determining rates for an attained age of less than 19 years of age or more than 65
20 years of age.

21 (5) For all policies, contracts or certificates that are executed, delivered, issued
22 for delivery, continued or renewed in this State on or after January 1, 2016, the
23 maximum rate differential due to age and geographic area filed by the carrier as
24 determined by ratio is 5 to 1. In determining the rating factor for geographic area
25 pursuant to this subparagraph, the ratio between the highest and lowest rating
26 factor used by a carrier for geographic area may not exceed 1.5 and the ratio
27 between the highest and lowest combined rating factors for age and geographic
28 area may not exceed 5. The limitation does not apply for determining rates for an
29 attained age of less than 19 years of age or more than 65 years of age.

30 (6) For all policies, contracts or certificates that are executed, delivered, issued
31 for delivery, continued or renewed in this State on or after July 1, 2012, the
32 maximum rate differential due to smoking status filed by the carrier as
33 determined by ratio is 1.5 to 1.

34 The superintendent shall establish by rule procedures and policies that facilitate the
35 implementation of this paragraph, including, but not limited to, notice requirements
36 for policyholders and experience pooling requirements of individual health products.
37 When establishing rules regarding experience pooling requirements, the
38 superintendent shall ensure, to the greatest extent possible, the availability of
39 affordable options for individuals transitioning from the closed book of business.
40 Rules adopted pursuant to this paragraph are routine technical rules as defined in
41 Title 5, chapter 375, subchapter 2-A. The superintendent shall direct the Consumer
42 Health Care Division, established in section 4321, to work with carriers and health
43 advocacy organizations to provide information about comparable alternative
44 insurance options to individuals in a carrier's closed book of business and upon

HOUSE AMENDMENT

1 request to assist individuals to facilitate the transition to an individual health plan in
2 that carrier's or another carrier's open book of business.'

3 Amend the amendment in Part A in section 5 in paragraph C in the first and 2nd lines
4 (page 4, lines 16 and 17 in amendment) by striking out the following: "geographic area."

5 Amend the amendment in Part A in section 5 in paragraph C in the 5th line (page 4,
6 line 20 in amendment) by striking out the following: "geographic area."

7 Amend the amendment in Part A in section 6 in paragraph D in the first line (page 4,
8 line 25 in amendment) by striking out the following: "age;" and inserting the following:
9 'age,'

10 Amend the amendment in Part A in section 6 in paragraph D in the 2nd line (page 4,
11 line 26 in amendment) by striking out the following: "~~geographic area~~" and inserting the
12 following: 'geographic area'

13 Amend the amendment in Part A in section 6 in paragraph D by striking out all of
14 subparagraphs (4) to (8) (page 4, lines 41 to 43 and page 5, lines 1 to 22 in amendment)
15 and inserting the following:

16 '(4) For all policies, contracts or certificates that are executed, delivered, issued
17 for delivery, continued or renewed in this State between October 1, 2011 and
18 December 31, 2012, the maximum rate differential due to age and geographic
19 area filed by the carrier as determined by ratio is 2 to 1. In determining the rating
20 factor for geographic area pursuant to this subparagraph, the ratio between the
21 highest and lowest rating factor used by a carrier for geographic area may not
22 exceed 1.5 and the ratio between the highest and lowest combined rating factors
23 for age and geographic area may not exceed 2. The limitation does not apply for
24 determining rates for an attained age of less than 19 years of age or more than 65
25 years of age.

26 (5) For all policies, contracts or certificates that are executed, delivered, issued
27 for delivery, continued or renewed in this State between January 1, 2013 and
28 December 31, 2013, the maximum rate differential due to age and geographic
29 area filed by the carrier as determined by ratio is 2.5 to 1. In determining the
30 rating factor for geographic area pursuant to this subparagraph, the ratio between
31 the highest and lowest rating factor used by a carrier for geographic area may not
32 exceed 1.5 and the ratio between the highest and lowest combined rating factors
33 for age and geographic area may not exceed 2.5. The limitation does not apply
34 for determining rates for an attained age of less than 19 years of age or more than
35 65 years of age.

36 (6) For all policies, contracts or certificates that are executed, delivered, issued
37 for delivery, continued or renewed in this State between January 1, 2014 and
38 December 31, 2014, the maximum rate differential due to age and geographic
39 area filed by the carrier as determined by ratio is 3 to 1. In determining the rating
40 factor for geographic area pursuant to this subparagraph, the ratio between the
41 highest and lowest rating factor used by a carrier for geographic area may not
42 exceed 1.5 and the ratio between the highest and lowest combined rating factors
43 for age and geographic area may not exceed 3. The limitation does not apply for

1 determining rates for an attained age of less than 19 years of age or more than 65
2 years of age.

3 (7) For all policies, contracts or certificates that are executed, delivered, issued
4 for delivery, continued or renewed in this State between January 1, 2015 and
5 December 31, 2015, the maximum rate differential due to age and geographic
6 area filed by the carrier as determined by ratio is 4 to 1. In determining the rating
7 factor for geographic area pursuant to this subparagraph, the ratio between the
8 highest and lowest rating factor used by a carrier for geographic area may not
9 exceed 1.5 and the ratio between the highest and lowest combined rating factors
10 for age and geographic area may not exceed 4. The limitation does not apply for
11 determining rates for an attained age of less than 19 years of age or more than 65
12 years of age.

13 (8) For all policies, contracts or certificates that are executed, delivered, issued
14 for delivery, continued or renewed in this State on or after January 1, 2016, the
15 maximum rate differential due to age and geographic area filed by the carrier as
16 determined by ratio is 5 to 1. In determining the rating factor for geographic area
17 pursuant to this subparagraph, the ratio between the highest and lowest rating
18 factor used by a carrier for geographic area may not exceed 1.5 and the ratio
19 between the highest and lowest combined rating factors for age and geographic
20 area may not exceed 5. The limitation does not apply for determining rates for an
21 attained age of less than 19 years of age or more than 65 years of age.'

22 Amend the amendment in Part A in section 8 in paragraph H by striking out all of
23 subparagraphs (1) to (5) (page 5, lines 36 to 42 and page 6, lines 1 to 18 in amendment)
24 and inserting the following:

25 '(1) For all policies, contracts or certificates that are executed, delivered, issued
26 for delivery, continued or renewed in this State between October 1, 2011 and
27 December 31, 2012, the maximum rate differential due to age and geographic
28 area filed by the carrier as determined by ratio is 2 to 1. In determining the rating
29 factor for geographic area pursuant to this subparagraph, the ratio between the
30 highest and lowest rating factor used by a carrier for geographic area may not
31 exceed 1.5 and the ratio between the highest and lowest combined rating factors
32 for age and geographic area may not exceed 2. The limitation does not apply for
33 determining rates for an attained age of less than 19 years of age or more than 65
34 years of age.

35 (2) For all policies, contracts or certificates that are executed, delivered, issued
36 for delivery, continued or renewed in this State between January 1, 2013 and
37 December 31, 2013, the maximum rate differential due to age and geographic
38 area filed by the carrier as determined by ratio is 2.5 to 1. In determining the
39 rating factor for geographic area pursuant to this subparagraph, the ratio between
40 the highest and lowest rating factor used by a carrier for geographic area may not
41 exceed 1.5 and the ratio between the highest and lowest combined rating factors
42 for age and geographic area may not exceed 2.5. The limitation does not apply
43 for determining rates for an attained age of less than 19 years of age or more than
44 65 years of age.

1 (3) For all policies, contracts or certificates that are executed, delivered, issued
2 for delivery, continued or renewed in this State between January 1, 2014 and
3 December 31, 2014, the maximum rate differential due to age and geographic
4 area filed by the carrier as determined by ratio is 3 to 1. In determining the rating
5 factor for geographic area pursuant to this subparagraph, the ratio between the
6 highest and lowest rating factor used by a carrier for geographic area may not
7 exceed 1.5 and the ratio between the highest and lowest combined rating factors
8 for age and geographic area may not exceed 3. The limitation does not apply for
9 determining rates for an attained age of less than 19 years of age or more than 65
10 years of age.

11 (4) For all policies, contracts or certificates that are executed, delivered, issued
12 for delivery, continued or renewed in this State between January 1, 2015 and
13 December 31, 2015, the maximum rate differential due to age and geographic
14 area filed by the carrier as determined by ratio is 4 to 1. In determining the rating
15 factor for geographic area pursuant to this subparagraph, the ratio between the
16 highest and lowest rating factor used by a carrier for geographic area may not
17 exceed 1.5 and the ratio between the highest and lowest combined rating factors
18 for age and geographic area may not exceed 4. The limitation does not apply for
19 determining rates for an attained age of less than 19 years of age or more than 65
20 years of age.

21 (5) For all policies, contracts or certificates that are executed, delivered, issued
22 for delivery, continued or renewed in this State on or after January 1, 2016, the
23 maximum rate differential due to age and geographic area filed by the carrier as
24 determined by ratio is 5 to 1. In determining the rating factor for geographic area
25 pursuant to this subparagraph, the ratio between the highest and lowest rating
26 factor used by a carrier for geographic area may not exceed 1.5 and the ratio
27 between the highest and lowest combined rating factors for age and geographic
28 area may not exceed 5. The limitation does not apply for determining rates for an
29 attained age of less than 19 years of age or more than 65 years of age.'

30 Amend the amendment in Part B in section 8 in §3953 in subsection 2 in paragraph A
31 by striking out all of subparagraphs (1) and (2) (page 10, lines 7 to 14 in amendment) and
32 inserting the following:

33 '(1) Seven members appointed by the superintendent: 3 members who represent
34 statewide organizations that advocate for consumers in the field of health policy;
35 2 members who represent medical providers; one member who represents a
36 statewide organization that represents small businesses; and one member who
37 represents producers. A board member appointed by the superintendent may not
38 be removed without cause; and

39 (2) Four members appointed by the member insurers, at least one of whom is a
40 domestic insurer and at least one of whom is a 3rd-party administrator.'

41 Amend the amendment in Part B in section 8 in §3955 in subsection 1 in paragraph E
42 in the 2nd line (page 11, line 15 in amendment) by striking out the following: "and"

1 Amend the amendment in Part B in section 8 in §3955 in subsection 1 in paragraph F
2 in the first line (page 11, line 16 in amendment) by striking out the following: "3958."
3 and inserting the following: '3958; and'

4 Amend the amendment in Part B in section 8 in §3955 in subsection 1 by inserting
5 after paragraph F the following:

6 'G. Until subsidies are made available to eligible individuals pursuant to the federal
7 Affordable Care Act on or after January 1, 2014, provide subsidies to a covered
8 person enrolled in an individual health plan pursuant to section 2736-C to mitigate
9 the impact of any increase in premium rates as a result of expanding the ability of a
10 carrier to vary rates based on age and geographic area as provided in section 2736-C,
11 subsection 2, paragraph D. The superintendent shall determine the appropriate level
12 of subsidy to be made available by the association through rule. Rules adopted
13 pursuant to this paragraph are routine technical rules as defined in Title 5, chapter
14 375, subchapter 2-A.'

15 Amend the amendment in Part B in section 8 in §3957 in subsection 1 in the 3rd line
16 (page 13, line 13 in amendment) by inserting after the following: "necessary" the
17 following: 'in accordance with subsection 2'

18 Amend the amendment in Part B in section 8 in §3957 by striking out all of
19 subsection 2 (page 13, lines 16 to 19 in amendment) and inserting the following:

20 **2. Maximum assessment.** The board shall assess each insurer a dollar amount per
21 month per covered person enrolled in medical insurance insured, reinsured or
22 administered by the insurer as established by the superintendent pursuant to this
23 subsection. No later than January 1, 2012, the superintendent shall adopt rules to
24 establish the amount of the assessment on insurers paid to the association using actuarial
25 science to determine the assessment based on the estimated number of individuals
26 designated for reinsurance through the association and the estimated funding needed for
27 that reinsurance. Rules adopted pursuant to this subsection are major substantive rules as
28 defined in Title 5, chapter 375, subchapter 2-A. An insurer may not be assessed on
29 policies or contracts insuring federal or state employees.'

30 Amend the amendment by striking out all of Part E.

31 Amend the amendment in Part J by striking out all of sections 1 to 9.

32 Amend the amendment in Part J by striking out all of sections 19 to 21.

33 Amend the amendment Part J by striking out all of sections 23 and 24.

34 Amend the amendment by relettering or renumbering any nonconsecutive Part letter
35 or section number to read consecutively.

36 SUMMARY

37 This amendment makes the following changes to Committee Amendment "A."

38 It includes rating on the basis of geographic area inside of the rating bands for age
39 instead of allowing rating outside of the bands and limits rating on the basis of
40 geographic area to a rating factor of 1.5.

H. 888

HOUSE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to H.P. 979, L.D. 1333

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The amendment specifies that 3 of the members of the Board of Directors of the Maine Guaranteed Access Reinsurance Association must represent consumer advocacy organizations in the field of health policy and reduces the insurer members from 5 to 4. The amendment also requires the Superintendent of Insurance to determine the assessment amount paid by insurers to fund the association after an actuarial study through rules adopted no later than January 1, 2012. The amendment designates the rules as major substantive.

The amendment requires the Maine Guaranteed Access Reinsurance Association to provide subsidies for individuals to mitigate the impact of premium increases resulting from an expansion of the rating bands based on age and geographic area until subsidies are made available through the federal Affordable Care Act on or after January 1, 2014.

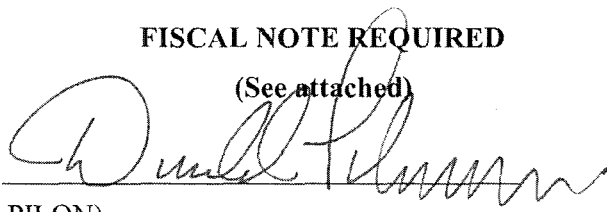
The amendment removes Part E of the committee amendment, which repeals the State Health Plan and the Advisory Council on Health Systems Development.

The amendment also changes cross-references to reflect the changes made by this amendment to Committee Amendment "A."

FISCAL NOTE REQUIRED

(See attached)

SPONSORED BY:



(Representative PILON)

TOWN: Saco

HOUSE AMENDMENT



125th MAINE LEGISLATURE

LD 1333

LR 1371(33)

An Act To Modify Rating Practices for Individual and Small Group Health Plans and To Encourage Value-based Purchasing of Health Care Services

Fiscal Note for House Amendment "*H*" to Committee Amendment "A"

Sponsor: Rep. Pilon of Saco

Fiscal Note Required: Yes

Fiscal Note

No net state fiscal impact

Fiscal Detail and Notes

The Maine Guaranteed Access Reinsurance Association is established as a nonprofit legal entity and would therefore have no direct fiscal impact on state agencies or programs. Requiring the Association to provide subsidies would have no direct fiscal impact on state agencies or programs. Any net additional costs and/or savings to the Bureau of Insurance in the Department of Professional and Financial Regulation are expected to be minor.