

MAINE STATE LEGISLATURE

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L.D. 1670

Date: 4-4-12

(Filing No. S-522)

INSURANCE AND FINANCIAL SERVICES

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STATE OF MAINE

SENATE

125TH LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 569, L.D. 1670, Bill, "An Act To Extend the Scope of the Maine Guaranteed Access Reinsurance Association"

Amend the bill by striking out the title and substituting the following:

'An Act Relating to Rating on the Basis of Group Size in the Small Group Health Insurance Market'

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 24-A MRSA §2808-B, sub-§2, ¶C, as amended by PL 2011, c. 364, §10, is further amended to read:

C. A carrier may vary the premium rate due to occupation and industry, family membership, and participation in wellness programs ~~and group size~~ to the extent permitted by the federal Affordable Care Act. The superintendent may adopt rules setting forth appropriate methodologies regarding rate discounts for participation in wellness programs and rating for occupation and industry ~~and group size~~ pursuant to this paragraph. Rules adopted pursuant to this paragraph are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

Sec. 2. 24-A MRSA §2808-B, sub-§2, ¶D, as amended by PL 2011, c. 364, §11, is further amended to read:

D. A carrier may vary the premium rate due to age, group size and tobacco use only under the following schedule and within the listed percentage bands.

(1) For all policies, contracts or certificates that are executed, delivered, issued for delivery, continued or renewed in this State between July 15, 1993 and July 14, 1994, the premium rate may not deviate above or below the community rate filed by the carrier by more than 50%.

(2) For all policies, contracts or certificates that are executed, delivered, issued for delivery, continued or renewed in this State between July 15, 1994 and July

COMMITTEE AMENDMENT

1 14, 1995, the premium rate may not deviate above or below the community rate
2 filed by the carrier by more than 33%.

3 (3) For all policies, contracts or certificates that are executed, delivered, issued
4 for delivery, continued or renewed in this State between July 15, 1995 and
5 September 30, 2011, the premium rate may not deviate above or below the
6 community rate filed by the carrier by more than 20%.

7 (4) For all policies, contracts or certificates that are executed, delivered, issued
8 for delivery, continued or renewed in this State between October 1, 2011 and
9 ~~December 31~~ September 30, 2012, the maximum rate differential due to age filed
10 by the carrier as determined by ratio is 2 to 1. 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 (5) For all policies, contracts or certificates that are executed, delivered, issued
14 for delivery, continued or renewed in this State between ~~January 1, 2013~~ October
15 1, 2012 and December 31, 2013, the maximum rate differential due to age and
16 group size filed by the carrier as determined by ratio is 2.5 to 1. The limitation
17 does not apply for determining rates for an attained age of less than 19 years of
18 age or more than 65 years of age.

19 (6) For all policies, contracts or certificates that are executed, delivered, issued
20 for delivery, continued or renewed in this State between January 1, 2014 and
21 December 31, 2014, the maximum rate differential due to age and group size
22 filed by the carrier as determined by ratio is 3 to 1 to the extent permitted by the
23 federal Affordable Care Act. The limitation does not apply for determining rates
24 for an attained age of less than 19 years of age or more than 65 years of age.

25 (7) For all policies, contracts or certificates that are executed, delivered, issued
26 for delivery, continued or renewed in this State between January 1, 2015 and
27 December 31, 2015, the maximum rate differential due to age and group size
28 filed by the carrier as determined by ratio is 4 to 1 to the extent permitted by the
29 federal Affordable Care Act. The limitation does not apply for determining rates
30 for an attained age of less than 19 years of age or more than 65 years of age.

31 (8) For all policies, contracts or certificates that are executed, delivered, issued
32 for delivery, continued or renewed in this State on or after January 1, 2016, the
33 maximum rate differential due to age and group size filed by the carrier as
34 determined by ratio is 5 to 1 to the extent permitted by the federal Affordable
35 Care Act. The limitation does not apply for determining rates for an attained age
36 of less than 19 years of age or more than 65 years of age.

37 (9) For all policies, contracts or certificates that are executed, delivered, issued
38 for delivery, continued or renewed in this State on or after October 1, 2011, the
39 maximum rate differential due to tobacco use filed by the carrier as determined
40 by ratio is 1.5 to 1.

41 **Sec. 3. 24-A MRSA §2808-B, sub-§2, ¶H,** as amended by PL 2011, c. 364, §13,
42 is further amended to read:

1 H. A carrier that offered small group health plans prior to October 1, 2011 may close
2 its small group book of business sold prior to October 1, 2011 and may establish a
3 separate community rate for eligible groups applying for coverage under a small
4 group health plan on or after October 1, 2011. If a carrier closes its small group book
5 of business as permitted under this paragraph, the carrier may vary the premium rate
6 for that closed book of business only as permitted in this paragraph and paragraphs C
7 and C-1.

8 (1) For all policies, contracts or certificates that are executed, delivered, issued
9 for delivery, continued or renewed in this State between October 1, 2011 and
10 ~~December 31~~ September 30, 2012, the maximum rate differential due to age filed
11 by the carrier as determined by ratio is 2 to 1. The limitation does not apply for
12 determining rates for an attained age of less than 19 years of age or more than 65
13 years of age.

14 (2) For all policies, contracts or certificates that are executed, delivered, issued
15 for delivery, continued or renewed in this State between ~~January 1, 2013~~ October
16 1, 2012 and December 31, 2013, the maximum rate differential due to age and
17 group size filed by the carrier as determined by ratio is 2.5 to 1. The limitation
18 does not apply for determining rates for an attained age of less than 19 years of
19 age or more than 65 years of age.

20 (3) For all policies, contracts or certificates that are executed, delivered, issued
21 for delivery, continued or renewed in this State between January 1, 2014 and
22 December 31, 2014, the maximum rate differential due to age and group size
23 filed by the carrier as determined by ratio is 3 to 1 to the extent permitted by the
24 federal Affordable Care Act. The limitation does not apply for determining rates
25 for an attained age of less than 19 years of age or more than 65 years of age.

26 (4) For all policies, contracts or certificates that are executed, delivered, issued
27 for delivery, continued or renewed in this State between January 1, 2015 and
28 December 31, 2015, the maximum rate differential due to age and group size
29 filed by the carrier as determined by ratio is 4 to 1 to the extent permitted by the
30 federal Affordable Care Act. The limitation does not apply for determining rates
31 for an attained age of less than 19 years of age or more than 65 years of age.

32 (5) For all policies, contracts or certificates that are executed, delivered, issued
33 for delivery, continued or renewed in this State on or after January 1, 2016, the
34 maximum rate differential due to age and group size filed by the carrier as
35 determined by ratio is 5 to 1 to the extent permitted by the federal Affordable
36 Care Act. The limitation does not apply for determining rates for an attained age
37 of less than 19 years of age or more than 65 years of age.

38 (6) For all policies, contracts or certificates that are executed, delivered, issued
39 for delivery, continued or renewed in this State on or after October 1, 2011, the
40 maximum rate differential due to tobacco use filed by the carrier as determined
41 by ratio is 1.5 to 1.'

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SUMMARY

This amendment replaces the bill. The amendment provides that, beginning October 1, 2012, the rating factor used by small group health insurance carriers for group size must be combined within the maximum rate differential due to age of 2.5 to 1. The combined rating band for age and group size would be increased to 3 to 1 on January 1, 2014 and, to the extent permitted by the federal Affordable Care Act, further increased each year by a factor of 1 up to a combined 5 to 1 rating band on January 1, 2016. Under current law, the rating factor for group size falls outside of the rating bands.

FISCAL NOTE REQUIRED
(See attached)



Approved: 03/26/12 *MGC*

125th MAINE LEGISLATURE

LD 1670

LR 2369(02)

An Act To Extend the Scope of the Maine Guaranteed Access Reinsurance Association

Fiscal Note for Bill as Amended by Committee Amendment "A" S-522

Committee: Insurance and Financial Services

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

Any additional costs to the Bureau of Insurance in the Department of Professional and Financial Regulation are expected to be minor and can be absorbed within existing budgeted resources.