

# MAINE STATE LEGISLATURE

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# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 83

S.P. 34

In Senate, January 22, 2013

### **An Act To Protect Health Insurance Ratepayers from Undocumented Rate Increases**

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

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator PATRICK of Oxford.  
Cosponsored by Representative PETERSON of Rumford and  
Senators: President ALFOND of Cumberland, GOODALL of Sagadahoc, JACKSON of  
Aroostook, JOHNSON of Lincoln, LACHOWICZ of Kennebec, Representatives: BRIGGS of  
Mexico, CAREY of Lewiston, HERBIG of Belfast.

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

2 **Sec. 1. 24-A MRSA §2736-C, sub-§2-B**, as amended by PL 2011, c. 364, §7, is  
3 further amended to read:

4 **2-B. Rate filings; credible health plans.** ~~Notwithstanding section 2736, subsection~~  
5 ~~1 and section 2736 A, at the carrier's option, rate~~ Rate filings for a carrier's credible block  
6 of individual health plans ~~may~~ must be filed in accordance with this subsection. ~~Rates~~  
7 ~~filed in accordance with this subsection are filed for informational purposes unless rate~~  
8 ~~review is required pursuant to the federal Affordable Care Act.~~

9 A. A carrier's individual health plans are considered credible if the anticipated  
10 average number of members during the period for which the rates will be in effect  
11 meets standards for full or partial credibility pursuant to the federal Affordable Care  
12 Act. The rate filing must state the anticipated average number of members during the  
13 period for which the rates will be in effect and the basis for the estimate. ~~If the~~  
14 ~~superintendent determines that the number of members is likely to be less than~~  
15 ~~needed to meet the credibility standard, the filing is subject to section 2736,~~  
16 ~~subsection 1 and section 2736 A.~~

17 B. On an annual schedule as determined by the superintendent, the carrier shall file a  
18 report with the superintendent showing the calculation of rebates as required pursuant  
19 to the federal Affordable Care Act, except that the calculation must be based on a  
20 minimum medical loss ratio of 80% if the applicable federal minimum for the  
21 individual market in this State is lower. If the calculation indicates that rebates must  
22 be paid, the carrier must pay the rebates in the same manner as is required for rebates  
23 pursuant to the federal Affordable Care Act.

24 **Sec. 2. 24-A MRSA §2736-C, sub-§5**, as amended by PL 2011, c. 90, Pt. D, §3,  
25 is further amended to read:

26 **5. Loss ratios.** ~~Except as provided in subsection 2-B, for~~ For all policies and  
27 certificates issued on or after the effective date of this section, the superintendent shall  
28 disapprove any premium rates filed by any carrier, whether initial or revised, for an  
29 individual health policy unless it is anticipated that the aggregate benefits estimated to be  
30 paid under all the individual health policies maintained in force by the carrier for the  
31 period for which coverage is to be provided will return to policyholders at least 65% of  
32 the aggregate premiums collected for those policies, as determined in accordance with  
33 accepted actuarial principles and practices and on the basis of incurred claims experience  
34 and earned premiums. For the purposes of this calculation, any payments paid pursuant  
35 to former section 6913 must be treated as incurred claims.

36 **SUMMARY**

37 This bill restores the statutory process for advance review and prior approval of  
38 individual health insurance rates and rescinds the changes to the rate review process for  
39 individual health insurance made by Public Law 2011, chapter 90.