

MAINE STATE LEGISLATURE

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HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 921, L.D. 1260, Bill, "An Act Regarding Short-term, Limited-duration Health Plans"

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

'Sec. 1. 24-A MRSA §2736-C, sub-§1, ¶C, as amended by PL 2011, c. 238, Pt. D, §1, is further amended to read:

C. "Individual health plan" means any hospital and medical expense-incurred policy or health, hospital or medical service corporation plan contract. It includes both individual contracts and certificates issued under group contracts specified in section 2701, subsection 2, paragraph C. "Individual health plan" does not include the following types of insurance:

- (1) Accident;
- (2) Credit;
- (3) Disability;
- (4) Long-term care or nursing home care;
- (5) Medicare supplement;
- (6) Specified disease;
- (7) Dental or vision;
- (8) Coverage issued as a supplement to liability insurance;
- (9) Workers' compensation;
- (10) Automobile medical payment;

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1 (11) Insurance under which benefits are payable with or without regard to fault
2 and that is required statutorily to be contained in any liability insurance policy or
3 equivalent self-insurance; or

4 (12) Short-term, limited-duration policies, as described in section 2849-B,
5 subsection 1.

6 **Sec. 2. 24-A MRSA §2849-B, sub-§1**, as amended by PL 2011, c. 90, Pt. G, §1,
7 is further amended to read:

8 **1. Policies subject to this section.** This section applies to all individual, group and
9 blanket medical insurance policies except hospital indemnity, specified accident,
10 specified disease, long-term care and short-term, limited-duration policies issued by
11 insurers or health maintenance organizations. For purposes of this section, a short-term,
12 limited-duration policy is an individual, nonrenewable policy issued for a term that ~~is less~~
13 ~~than 12 months~~ does not extend beyond December 31st of the calendar year in which the
14 policy is issued. This section does not apply to Medicare supplement policies as defined
15 in section 5001, subsection 4.

16 **Sec. 3. 24-A MRSA §2849-B, sub-§2**, as amended by PL 2007, c. 199, Pt. D, §4,
17 is further amended to read:

18 **2. Persons provided continuity of coverage.** Except as provided in subsection 3,
19 this section provides continuity of coverage for a person who seeks coverage under an
20 individual, group or blanket insurance policy or health maintenance organization policy
21 if:

22 A. That person was covered under an individual, group or blanket contract or policy
23 issued by a nonprofit hospital or medical service organization, insurer, or health
24 maintenance organization or was covered under an uninsured employee benefit plan
25 that provides payment for health services received by employees and their dependents
26 or a governmental program, including, but not limited to, those listed in section 2848,
27 subsection 1-B, paragraph A, subparagraphs (3) to (10). For purposes of this section,
28 the individual, group or blanket policy under which the person is seeking coverage is
29 the "succeeding policy." The group, blanket or individual contract or policy,
30 uninsured employee benefit plan or governmental program that previously covered
31 the person is the "prior contract or policy"; and

32 B. Coverage under the prior contract or policy terminated:

33 (1) Within 180 days before the date the person enrolls or is eligible to enroll in
34 the succeeding contract if:

35 (a) Coverage was terminated due to unemployment, as defined in Title 26,
36 section 1043;

37 (b) The person was eligible for and received unemployment compensation
38 benefits for the period of unemployment, as provided under Title 26, chapter
39 13; and

40 (c) The person is employed at the time replacement coverage is sought under
41 this provision; or

1 (2) Within 90 days before the date the person enrolls or is eligible to enroll in the
2 succeeding contract.

3 A period of ineligibility for a health plan imposed by terms of employment may not
4 be considered in determining whether the coverage ended within a time period
5 specified under this section.

6 This section does not apply to replacements of group or blanket coverage within the
7 scope of section 2849 or if the succeeding policy is an individual policy and the prior
8 contract or policy was a short-term, limited-duration policy.

9 **Sec. 4. 24-A MRSA §2849-B, sub-§8**, as amended by PL 2011, c. 90, Pt. G, §2,
10 is further amended to read:

11 **8. Short-term, limited-duration insurance.** A person eligible for continuity of
12 coverage under subsection 2 may be allowed to purchase coverage under an individual,
13 nonrenewable, short-term, limited-duration policy. The issuance of a short-term,
14 limited-duration policy is subject to the following conditions.

15 A. Upon offering an individual short-term, limited-duration policy for purchase, an
16 insurer or the insurer's agent or broker ~~must~~ shall provide written disclosure ~~of the~~
17 ~~terms and benefits of the policy as required in this paragraph in at least 14-point type.~~
18 ~~Specific disclosure that the short term policy is not subject to any limitation on~~
19 ~~preexisting condition exclusions or the provisions of guaranteed renewal and~~
20 ~~continuity of coverage is required.~~ An insurer or the insurer's agent or broker shall
21 specifically disclose:

22 (1) A summary of plan benefits, limits and exclusions in a standardized format
23 similar to the format required for a qualified health plan under the federal
24 Affordable Care Act that is specific to the exact policy being offered for purchase
25 in this State, including, but not limited to, information about the circumstances in
26 which covered benefits may be subject to balance billing and examples of how
27 charges may be applied toward any cost sharing under the policy and billed to the
28 individual policyholder; and

29 (2) A comparison of the short-term, limited-duration policy to a qualified health
30 plan in the terms, benefits and conditions of the policy, any exclusions, medical
31 loss ratio requirements or the provisions of guaranteed renewal and continuity of
32 coverage.

33 B. An insurer or the insurer's agent or broker may ~~not~~ issue a short-term,
34 limited-duration policy that replaces a prior short-term, limited-duration policy if as
35 long as the combined term of the new policy and all prior ~~successive~~ policies does not
36 exceed 24 months and the individual has not been covered under any prior short-
37 term, limited-duration policy for at least 12 months. All individuals making an
38 application for coverage under a short-term, limited-duration policy must disclose
39 any prior coverage under a short-term, limited-duration policy and the policy
40 duration.

41 C. An insurer or the insurer's agent or broker may not issue a short-term, limited-
42 duration policy unless it has been sold through an in-person encounter.

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1 D. An insurer or the insurer's agent or broker may not actively market or sell any
2 short-term, limited-duration policy during any open enrollment period, except for a
3 short-term, limited-duration policy that terminates coverage on December 31st of the
4 calendar year in which it is sold.

5 E. Upon offering an individual short-term, limited-duration policy for purchase, an
6 insurer or the insurer's agent or broker shall assess an individual making an
7 application for eligibility for an advanced premium tax credit or cost-sharing
8 reduction for coverage under a qualified health plan purchased on the exchange
9 pursuant to the federal Affordable Care Act, as defined in section 2188, subsection 1,
10 paragraph A, and shall provide an estimate of the cost for coverage under a qualified
11 health plan after applying any advanced premium tax credit or cost-sharing reduction.

12 F. An insurer or the insurer's agent or broker shall make the documents and
13 information required to be disclosed under paragraph A upon offering an individual
14 short-term, limited-duration policy for purchase available through the insurer's
15 publicly accessible website.

16 G. An insurer or the insurer's agent or broker shall provide, upon the purchase of a
17 short-term, limited-duration policy; upon the expiration of the policy; and, if the
18 policy is in effect during an open enrollment period, on November 1st of the calendar
19 year in which the policy was sold, written notice of the following:

20 (1) Disclosure that a short-term, limited-duration policy is not considered
21 minimum essential coverage under the federal Affordable Care Act and that
22 termination of a policy is not a qualifying event for a special enrollment period;
23 and

24 (2) The dates for the next open enrollment period, the website address for the
25 publicly accessible website of the exchange, as defined in section 2188,
26 subsection 1, paragraph A, and the toll-free telephone number for the exchange.

27 **Sec. 5. Bureau of Insurance bulletin.** No later than 30 days following the
28 effective date of this Act, the Department of Professional and Financial Regulation,
29 Bureau of Insurance shall issue a bulletin related to short-term, limited-duration health
30 insurance policies describing the statutory requirements for the policies, including the
31 requirements enacted in this Act and the required mandated benefits applicable to all
32 short-term, limited-duration policies.

33 **Sec. 6. Application.** The requirements of this Act apply to all short-term, limited-
34 duration health insurance policies, contracts and certificates executed, delivered, issued
35 for delivery, continued or renewed in this State on or after January 1, 2020. For purposes
36 of this Act, all contracts are deemed to be renewed no later than the next yearly
37 anniversary of the contract date.'

38 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
39 section number to read consecutively.

40 **SUMMARY**

41 This amendment replaces the bill. The amendment does the following.

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1 1. It limits the issuance of short-term, limited-duration individual health insurance
2 policies in this State to policies with a term that ends on December 31st of the calendar
3 year in which they are issued and allows an insurer or the insurer's agent or broker to
4 issue a short-term, limited-duration policy that replaces a prior short-term, limited-
5 duration policy only if the combined term of the new policy and all prior policies does not
6 exceed 24 months and as long as the individual has not been covered under any short-
7 term, limited-duration policy for at least 12 months prior to the issuance of a policy.

8 2. It requires that insurers make specific written disclosures related to the terms and
9 benefits of policies in at least 14-point type, including the types of benefits and consumer
10 protections that are and are not included in the policies, a summary of plan benefits,
11 limits and exclusions in a standardized format, information about the circumstances in
12 which covered benefits may be subject to balance billing and examples of how charges
13 may be applied toward any cost sharing under the policy and billed to the individual
14 policyholder, and a comparison of the short-term, limited-duration policy to a qualified
15 health plan in the terms, benefits and conditions of the policy, any exclusions, medical
16 loss ratio requirements or the provisions of guaranteed renewal and continuity of
17 coverage. It also requires an insurer to make the documents and information required to
18 be disclosed to be made available on the insurer's publicly accessible website.

19 3. It prohibits a short-term, limited-duration policy from being actively marketed or
20 sold during any open enrollment period except for a policy that terminates coverage on
21 December 31st.

22 4. It restricts the sale of short-term, limited-duration policies to in-person encounters
23 with an insurer or an insurer's agent or broker.

24 5. It requires that an insurer or an insurer's agent or broker, upon offering an
25 individual short-term, limited-duration policy for purchase, assess an individual making
26 an application for eligibility for an advanced premium tax credit or cost-sharing reduction
27 for coverage under a qualified health plan purchased on the exchange pursuant to the
28 federal Patient Protection and Affordable Care Act and provide an estimate of the cost for
29 coverage under a qualified health plan after applying any advanced premium tax credit or
30 cost-sharing reduction.

31 6. It requires the Department of Professional and Financial Regulation, Bureau of
32 Insurance to issue, no later than 30 days following the effective date of this legislation, a
33 bulletin related to short-term, limited-duration health insurance policies describing the
34 statutory requirements for the policies, including the requirements enacted in this
35 legislation and the required mandated benefits applicable to all short-term, limited-
36 duration policies.

37 7. It makes the requirements of this legislation apply to policies issued or renewed in
38 this State on or after January 1, 2020.

FISCAL NOTE REQUIRED

(See attached)

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COMMITTEE AMENDMENT



129th MAINE LEGISLATURE

LD 1260

LR 2034(02)

An Act Regarding Short-term, Limited-duration Health Plans

Fiscal Note for Bill as Amended by Committee Amendment *A(H-476)*
Committee: Health Coverage, 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 within the Department of Professional and Financial Regulation to issue a bulletin related to short-term, limited-duration health insurance policies describing the statutory requirements for the policies are expected to be minor and can be absorbed within existing budgeted resources.