

# MAINE STATE LEGISLATURE

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# 129th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2019

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Legislative Document

No. 1260

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H.P. 921

House of Representatives, March 14, 2019

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

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

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative FOLEY of Biddeford.  
Cosponsored by President JACKSON of Aroostook and  
Representatives: DOUDERA of Camden, FECTEAU of Biddeford, MEYER of Eliot, TEPLER  
of Topsham, Senators: CLAXTON of Androscoggin, SANBORN, H. of Cumberland,  
SANBORN, L. of Cumberland.

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

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

4 C. "Individual health plan" means any hospital and medical expense-incurred policy  
5 or health, hospital or medical service corporation plan contract. It includes both  
6 individual contracts and certificates issued under group contracts specified in section  
7 2701, subsection 2, paragraph C. "Individual health plan" does not include the  
8 following types of insurance:

- 9 (1) Accident;
- 10 (2) Credit;
- 11 (3) Disability;
- 12 (4) Long-term care or nursing home care;
- 13 (5) Medicare supplement;
- 14 (6) Specified disease;
- 15 (7) Dental or vision;
- 16 (8) Coverage issued as a supplement to liability insurance;
- 17 (9) Workers' compensation;
- 18 (10) Automobile medical payment;
- 19 (11) Insurance under which benefits are payable with or without regard to fault  
20 and that is required statutorily to be contained in any liability insurance policy or  
21 equivalent self-insurance; or
- 22 (12) Short-term, limited-duration policies, as described in section 2849-B,  
23 subsection 1.

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

26 **1. Policies subject to this section.** This section applies to all individual, group and  
27 blanket medical insurance policies except hospital indemnity, specified accident,  
28 specified disease, long-term care and short-term, limited-duration policies issued by  
29 insurers or health maintenance organizations. For purposes of this section, a short-term,  
30 limited-duration policy is an individual, nonrenewable policy issued for a term that is ~~less~~  
31 ~~than 12~~ 3 months or less. This section does not apply to Medicare supplement policies as  
32 defined in section 5001, subsection 4.

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

35 **2. Persons provided continuity of coverage.** Except as provided in subsection 3,  
36 this section provides continuity of coverage for a person who seeks coverage under an

1 individual, group or blanket insurance policy or health maintenance organization policy  
2 if:

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

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

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

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

18 (b) The person was eligible for and received unemployment compensation  
19 benefits for the period of unemployment, as provided under Title 26, chapter  
20 13; and

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

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

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

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

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

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

37 A. Upon offering an individual short-term, limited-duration policy for purchase, an  
38 insurer or the insurer's agent or broker must provide written disclosure of the terms  
39 and benefits of the policy in at least 14-point type. Specific disclosure that the short-  
40 term, limited-duration policy is not subject to ~~any limitation on preexisting condition~~  
41 ~~exclusions or~~ the provisions of guaranteed renewal ~~and~~, continuity of coverage and

1 requirements for minimum essential benefits or other coverage required for qualified  
2 health plans under the federal Affordable Care Act is required. Specific disclosure is  
3 also required that the policy may not impose any preexisting condition exclusion.

4 B. An insurer or the insurer's agent or broker may not issue a short-term,  
5 limited-duration policy that replaces a prior short-term, limited-duration policy if the  
6 combined term of the new policy and all prior successive policies ~~exceed~~ <sup>24</sup> exceeds  
7 3 months in any 12-month period. All individuals making an application for  
8 coverage under a short-term, limited-duration policy must disclose any prior coverage  
9 under a short-term, limited-duration policy and the policy duration.

10 C. An insurer may not impose any preexisting condition exclusion on an individual  
11 making an application for coverage under a short-term, limited-duration policy and  
12 shall apply the same underwriting standards for all applicants.

13 D. An insurer may not issue a short-term, limited-duration policy without receiving  
14 prior approval from the superintendent that the policy and any written disclosures  
15 comply with this subsection.

16 **Sec. 5. Application.** The requirements of this Act apply to all policies, contracts  
17 and certificates executed, delivered, issued for delivery, continued or renewed in this  
18 State on or after January 1, 2020. For purposes of this Act, all contracts are deemed to be  
19 renewed no later than the next yearly anniversary of the contract date.

## 20 SUMMARY

21 This bill limits the issuance of short-term, limited-duration individual health  
22 insurance policies in this State to policies with a term that is 3 months or less and further  
23 restricts an insurer or the insurer's agent or broker from issuing a short-term, limited-  
24 duration policy that replaces a prior short-term, limited-duration policy if the combined  
25 term of the new policy and all prior successive policies exceeds 3 months in any 12-  
26 month period. The bill prohibits an insurer from imposing any preexisting condition  
27 exclusion on a short-term, limited-duration policy.

28 The bill also requires that insurers make specific written disclosures related to the  
29 terms and benefits of policies in at least 14-point type, including the types of benefits and  
30 consumer protections that are and are not included in the policies.

31 The bill prohibits the issuance of a policy without prior approval from the  
32 Superintendent of Insurance.

33 The requirements of the bill apply to policies issued or renewed in this State on or  
34 after January 1, 2020.