

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

N I N E T Y - F I F T H L E G I S L A T U R E

Legislative Document

No. 56

S. P. 46

In Senate, January 17, 1951

Referred to the Committee on Business Legislation, sent down for concurrence and ordered printed.

CHESTER T. WINSLOW, Secretary

Presented by Senator Reid of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
FIFTY-ONE

AN ACT Relating to Non-Profit Medical Service Plans.

Emergency preamble. Whereas, the people of Maine have legislation to provide for non-profit hospital service; and

Whereas, it is vitally necessary to supplement such service with non-profit medical service; and

Whereas, to protect the health and safety of the people of Maine it is urgent that such medical service be available immediately; and

Whereas, in the judgment of the legislature, these facts create an emergency within the meaning of the constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. R. S., c. 56, § 218, amended. Section 218 of chapter 56 of the revised statutes is hereby amended to read as follows:

'Sec. 218. Scope. Any corporation organized under special act of the legislature, or under the provisions of chapter 50 for the purpose of establishing, maintaining and operating a non-profit hospital service plan whereby hospital care is to be provided by a hospital, or a group of hospitals,

with which such corporation has a contract for such purpose, or such corporation as may establish, maintain and operate a non-profit medical service plan whereby medical or surgical service or expense indemnity is provided to such persons or groups of persons as shall become subscribers to such plan under contracts with said corporation, may be licensed by the insurance commissioner on the terms and conditions hereinafter provided for in sections 219 to 232, inclusive.'

Sec. 2. R. S., c. 56, § 219, amended. Section 219 of chapter 56 of the revised statutes is hereby amended to read as follows:

'Sec. 219. Incorporation. The articles of incorporation, and amendments thereto, of every corporation organized under the provisions of sections 218 to 232, inclusive, shall be submitted to the commissioner, whose approval thereof shall be indorsed thereon before the same are filed with the secretary of state.

There shall be not less than 7 directors, and at least a majority of the directors of such corporation must be at all times administrators, corporators, trustees or members of the clinical staff of the hospital or hospitals which have contracted with such corporation to render hospital service to the subscribers or the physicians who have contracted with such corporation to render medical, surgical, obstetrical or related professional service to the subscribers.'

Sec. 3. R. S., c. 56, § 220, amended. Section 220 of chapter 56 of the revised statutes is hereby amended to read as follows:

'Sec. 220. Contracts. Such corporation mentioned in section 218 may enter into contracts for the rendering of hospital service to the subscribers only with hospitals approved by the departments of health and welfare of the several states. All contracts for hospital service issued by such corporation shall constitute direct obligations of the hospital or hospitals with which such corporation has contracted for hospital care. Contracts issued under the medical service plan shall provide that the private physician-patient relationship shall exist between the patient and physician, that the patient shall have a free choice of any physician able and willing to perform medical service, and may provide for medical expense indemnity, all of which shall be based upon definite agreements covering medical or surgical care provided through duly licensed physicians. All contracts for medical, surgical, obstetrical and related professional service issued by such corporation shall constitute a direct obligation of any physician with which such corporation has contracted for professional services, said obligation being to the subscriber accepted for service. Any such physician, how-

ever, shall be free to refuse service for appropriate professional reasons. Nothing in this section shall be construed to prohibit reciprocal arrangements for the exchange of hospital, medical or surgical service between non-profit hospital and medical service plans.'

Sec. 4. R. S., c. 56, § 221, amended. Subsection III of the 1st paragraph of section 221 of chapter 56 of the revised statutes is hereby amended to read as follows:

'III. Proposed contracts between the corporation and participating hospitals and physicians showing terms under which hospital, medical or surgical service is to be furnished to subscribers;'

Sec. 5. R. S., c. 56, § 221, amended. Subsections I, II and IV of the 2nd paragraph of section 221 of chapter 56 of the revised statutes are hereby amended to read as follows:

'I. That the applicant is established to provide a bona fide non-profit hospital or medical service plan.'

'II. That the contracts between the applicant and the participating hospitals or physicians obligate each ~~hospital~~ participating party to render service to which each subscriber may be entitled under the terms and conditions of the contract issued to the subscribers.'

'IV. That contributions to the working funds of the corporation are repayable only out of earned premiums over and above operating expenses, payments to participating hospitals and physicians and such reserve as the commissioner deems adequate.'

Sec. 6. R. S., c. 56, § 222, amended. Section 222 of chapter 56 of the revised statutes is hereby amended to read as follows:

'**Sec. 222. Reports.** Every corporation organized under the provisions of sections 218 to 232, inclusive, shall annually on or before the 1st day of ~~March~~ April file in the office of the commissioner a statement verified by at least two of the principal officers of said corporation showing its condition on the 31st day of December, then next preceding, which shall be in such form and shall contain such matters as the commissioner shall prescribe.'

Sec. 7. R. S., c. 56, § 225, amended. The 1st sentence of section 225 of chapter 56 of the revised statutes is hereby amended to read as follows:

'Any dispute arising between a corporation subject to the provisions of sections 218 to 232, inclusive, and any hospital or physician with which

such corporation has a contract for hospital, **medical or surgical service** may be submitted to the commissioner for his decision with respect thereto.'

Sec. 8. R. S., c. 56, § 228, amended. Section 228 of chapter 56 of the revised statutes is hereby amended to read as follows:

'Sec. 228. Agents. No person, for himself or in behalf of any individual, firm, association or corporation, shall sell, or offer to sell, any such hospital, **medical or surgical service** as is provided for in sections 218 to 232, inclusive, without being licensed therefor by the commissioner.'

Emergency clause. In view of the emergency cited in the preamble, this act shall take effect when approved.