

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

AS PASSED BY THE

ONE HUNDRED AND FIFTEENTH LEGISLATURE

FIRST REGULAR SESSION

December 5, 1990 to July 10, 1991

Chapters 1 - 590

THE GENERAL EFFECTIVE DATE FOR  
NON-EMERGENCY LAWS IS  
OCTOBER 9, 1991

PUBLISHED BY THE REVISOR OF STATUTES  
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TITLE 3, SECTION 163-A, SUBSECTION 4.

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J.S. McCarthy Company  
Augusta, Maine  
1991

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**PUBLIC LAWS**  
**OF THE**  
**STATE OF MAINE**

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obtain all necessary municipal building permits and the project ~~shall~~ must be subject to municipal inspections.

~~Notwithstanding this section, no fee~~ Fees may be assessed for any permit obtained for any state construction project or public improvements to state-owned buildings.

See title page for effective date.

## CHAPTER 578

### H.P. 546 - L.D. 783

#### An Act to Amend the Law Concerning the Maine High-Risk Insurance Organization

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

**Sec. 1. 24-A MRSA §6052, sub-§3**, as enacted by PL 1987, c. 542, Pt. H, §5, is amended to read:

**3. Board of directors established.** The Governor shall appoint a board of directors for the organization. The board ~~shall be~~ is composed of 7 members. Six of those members ~~shall~~ must represent the following interests: Two members ~~shall~~ must represent consumers of health insurance who are not otherwise affiliated with the provision or financing of health care; one member ~~shall~~ must represent domestic commercial insurers; one member ~~shall~~ must represent nonprofit hospital and medical service organizations; one member ~~shall~~ must represent hospitals; and one member ~~shall~~ must be the Superintendent of Insurance, or ~~his~~ a designee. Appointments ~~shall be~~ are for 5-year terms, except that no more than 2 members' terms may expire in any one calendar year. Appointments for terms of less than 5 years may be made initially and to replace vacancies, if necessary, to maintain the appropriate staggered terms of office. Members serve until their successors are appointed and qualified. The Governor shall designate the chairman chair of the board. The ~~chairman~~ chair of the board shall schedule an organizational meeting within 60 days of appointment.

**Sec. 2. 24-A MRSA §6053, sub-§5**, as enacted by PL 1987, c. 542, Pt. H, §5, is amended to read:

**5. Select program administrator.** Select ~~an administering insurer~~ a program administrator;

**Sec. 3. 24-A MRSA §6055**, as amended by PL 1989, c. 308, §3, is further amended to read:

#### §6055. Program administrator

**1. Selection process.** The board shall select ~~an insurer or insurers authorized to write health insurance~~ a program administrator through a competitive bidding process to administer the organization. The board shall

evaluate bids submitted based on criteria established by the board ~~which includes~~ that include:

- A. The ~~insurer's~~ program administrator's proven ability to handle individual accident and health insurance;
- B. The efficiency of the ~~insurer's claim paying~~ program administrator's claim-paying procedures;
- C. An estimate of total charges for administering the plan; and
- D. The ~~insurer's~~ program administrator's ability to administer the plan in a cost efficient manner.

**2. Term and subsequent appointment.** Term and subsequent appointment ~~shall be~~ are structured as follows.

- A. The ~~administering insurer shall serve for a period of 3 years~~ initial program administrator serves until June 30, 1992, subject to removal for cause. The terms of subsequent program administrators must be set by the board of directors.

- B. At least one year prior to the expiration of the ~~3-year~~ year period of service by ~~an administering insurer~~ a program administrator, the board shall invite all insurers, and 3rd-party administrators, including the ~~current administering insurer~~ program administrator, to submit bids to serve as the ~~administering insurer~~ program administrator for the ~~any~~ any succeeding ~~3-year~~ year period. Selection of the ~~administering insurer~~ program administrator for the succeeding period ~~shall~~ must be made at least 6 months prior to the end of the current ~~3-year~~ year period.

**3. Duties.** The ~~administering insurer~~ program administrator shall:

- A. Perform all eligibility and administrative claims payment functions relating to the organization;
- B. Establish a premium billing procedure for collection of premiums from insured persons. Billings ~~shall~~ must be made on a periodic basis as determined by the board;
- C. Perform all necessary functions to assure timely payment of benefits to covered persons under the organization, including:

- (1) Making available information relating to the proper manner of submitting a claim for benefits to the organization and distributing forms upon which submission ~~shall~~ must be made; and
- (2) Evaluating the eligibility of each claim for payment by the organization;

D. Submit regular reports to the board regarding the operation of the organization, the frequency, content and form of which ~~shall~~ must be determined by the board;

E. Following the close of each fiscal year, determine net written and earned premiums, the expense of administration and the paid and incurred losses for the year and report this information to the board on a form as prescribed by the board; and

F. Be paid as provided in the plan of operation for its expenses incurred in the performance of its services.

**Sec. 4. 24-A MRSA §6059, sub-§§1 to 4,** as enacted by PL 1987, c. 542, Pt. H, §5, are amended to read:

**1. Reasonableness.** Premiums charged for coverages issued by the organization may not be unreasonable for the group or the individual in relation to the benefits provided, the risk experience and the reasonable expenses of providing the coverage.

**2. Separate schedules.** Separate schedules of premium rates based on age, sex and geographical location may apply for individual risks. Rates and rate schedules may be adjusted for appropriate risk factors, such as age and area variation in claim cost, if based on individual rating, or may be based upon community rating for the entire group, and shall must take into consideration appropriate risk factors in accordance with established actuarial and underwriting practices. If using a community rate, the board shall develop a weighted average of individual rates of the 5 largest insurers. In no event may organization rates exceed 150% of rates applicable to the standard risk rate.

**3. Standard risk rate.** The board shall determine the standard risk rate by calculating the average individual standard rate charged by the 5 largest insurers offering coverages in the State comparable to the organization coverage. In the event 5 insurers do not offer comparable coverage, the standard risk rate ~~shall~~ must be established using reasonable actuarial techniques and ~~shall~~ must reflect anticipated experience and expenses for the coverage. In no event may organization rates exceed 150% of rates applicable to the standard risk rate.

**4. Premium subsidy.** The board shall make available a plan to subsidize premiums for those individuals who have been denied health insurance because of a health condition and who meet income eligibility requirements set by the board. The subsidy plan to be paid from the General Fund ~~shall~~ may not exceed \$50,000 in costs during the first 2 years of operation. Funds appropriated for this purpose may not lapse, but must be carried forward to fulfill the purposes of this subsection.

No subsidy may be given to a person if the premium amount, after deducting the subsidy, is less than the premium of any comparable individual health insurance policy currently available to that person in the State.

The board shall relate the experience of the subsidy plan to the Legislature in the annual report and shall make recommendations regarding the subsidy plan.

**Sec. 5. 24-A MRSA §6059-A** is enacted to read:

**§6059-A. Community rating**

The Maine High-Risk Insurance Organization shall plan for the use and establishment of community rating for premiums and shall implement a transition plan for such rating as of the effective date of this section.

See title page for effective date.

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## CHAPTER 579

H.P. 665 - L.D. 944

### An Act to Permit Off-track Betting and to Revise the Harness Racing Laws

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

**Sec. 1. 2 MRSA §6, sub-§2,** as repealed and replaced by PL 1989, c. 878, Pt. A, §3, is amended to read:

**2. Range 90.** The salaries of the following state officials and employees ~~shall be~~ are within salary range 90:

Superintendent of Banking;

Bureau of Consumer Credit Protection Superintendent;

State Tax Assessor;

Superintendent of Insurance;

Associate Commissioner for Programs, Department of Mental Health and Mental Retardation;

Associate Commissioner of Administration, Department of Mental Health and Mental Retardation;

Associate Commissioner for Institutional Management; ~~and~~

Executive Director, Maine Waste Management Agency; and

Chair, State Harness Racing Commission.