

MAINE STATE LEGISLATURE

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STATE OF MAINE
114TH LEGISLATURE
FIRST REGULAR SESSION



BILL SUMMARY
JOINT STANDING COMMITTEE
ON
BANKING AND INSURANCE

JULY 1989

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Sen. Donald F. Collins

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* Denotes Chair

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ONE HUNDRED AND FOURTEENTH LEGISLATURE
FIRST REGULAR SESSION

JOINT STANDING COMMITTEE
BILL SUMMARIES
AUGUST 1989

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees and Joint Select Committees of the Maine Legislature. The summaries are arranged by LD number for each committee.

All Adopted Amendments are listed, by paper number (e.g., H-584 or S-222), together with the sponsor for floor amendments. Final action is listed to the right of the title. If final House and Senate action differ, both are listed. Committee Reports and Floor Action are abbreviated as follows:

OTP	Ought to Pass
OTP-ND	Ought to Pass in New Draft
OTP-ND-NT	Ought to Pass in New Draft, New Title
OTP-A	Ought to Pass as Amended
ONTP	Ought Not to Pass
LVWD	Leave to Withdraw
INDEF PP	Indefinitely Postponed

Each individual summary was prepared by the analyst assigned, as noted for each committee. But, this document was produced by the efforts of all the office staff, including Research Assistant Barbara McGinn, and secretaries: Charlene Brann, and Valarie Parlin, and especially Laurette Knox who coordinated preparation of the overall document.

Please give us your suggestions and comments on these summaries and tell us of any inaccuracies.

The committee amendment (S-302) strikes the entire bill and amends an existing provision in statute which permits any person aggrieved by a rate filing to apply to the superintendent of insurance for a hearing on the rates. The amendment permits the Public Advocate to make application to the superintendent for workers' compensation rates only, and only when the Public Advocate is representing the interests of workers' compensation policyholders, as a group. The application could not be made sooner than 180 days from the expiration of the appeal period for any rate decision.

The amendment also changes the timing for hearings and decisions when a person files an application under this section of statute. Current law requires the superintendent to hold a hearing within 30 days of receipt of an application. The amendment requires the superintendent to require the insurer to file a responsive filing containing information necessary to review the application. At least 30 days after receiving the responsive filing, but not more than 60 days after receiving the filing, the superintendent would be required to hold the public hearing. If a hearing on workers' compensation rates is held as a result of an application by the Public Advocate, the insurer or rating organization is required to pay \$50,000 for use by the Public Advocate to employ outside consultants to fulfill its obligations regarding the application challenging the rates.

The amendment also requires the superintendent to take evidence on the reasonableness of the service carrier fee in each case in which an adjustment is requested in the rates for the involuntary market. The superintendent would be required to adjust the level of the fee to a reasonable level if evidence found the level to be unreasonable.

LD 1705 An Act to Prohibit Unfair Rating Practices in Small Group Health Insurance

PUBLIC 422

<u>SPONSOR(S)</u>	<u>COMMITTEE REPORT</u>	<u>AMENDMENTS ADOPTED</u>
COLLINS	OTP-AM	S-282
CURRAN		
THERIAULT		
RAND		

SUMMARY

The bill prohibits an insurer from determining the rates for a group health insurance policy if the group has fewer than 50 members on the basis of the claims experience of the groups.

The committee amendment (S-282) replaces the bill and prohibits experience rating for groups of fewer than 25 members, excluding dependents covered by the policy. Insurers would be permitted to place these small groups into two or more tiers for rating purposes based on the experience of the group or subgroup, but the rates for the highest tier may not exceed the average rate for all tiers by more than 20%. The amendment also requires insurers to disclose to prospective policyholders that their rates may vary based on their experience. The Act is repealed effective October 1, 1991.