



125th MAINE LEGISLATURE

FIRST REGULAR SESSION-2011

Legislative Document

No. 226

S.P. 77

In Senate, February 1, 2011

An Act To Allow Maine Citizens To Buy Health Insurance across State Lines

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

Joseph G. Carleton Jr.

JOSEPH G. CARLETON, JR.
Secretary of the Senate

Presented by Senator SULLIVAN of York.
Cosponsored by Senator KATZ of Kennebec, Representative AYOTTE of Caswell and
Senators: COLLINS of York, HILL of York, Representative: RICHARDSON of Warren.

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

2 **Sec. 1. 24-A MRSA §405, sub-§6**, as enacted by PL 1969, c. 132, §1, is amended
3 to read:

4 **6.** Any suit or action by the duly constituted receiver, rehabilitator or liquidator of
5 the insurer, or of the insurer's assignee or successor, under laws similar to those contained
6 in chapter 57 (delinquency proceedings; rehabilitation and liquidation)-; or

7 **Sec. 2. 24-A MRSA §405, sub-§7** is enacted to read:

8 7. Transactions pursuant to individual or group health insurance covering residents
9 of this State written by a regional insurer or health maintenance organization, as defined
10 in section 405-A, duly authorized or qualified to transact individual or group health
11 insurance in the state or country of its domicile if the superintendent certifies that the
12 regional insurer or health maintenance organization meets the requirements of section
13 405-A.

14 **Sec. 3. 24-A MRSA §405-A** is enacted to read:

15 **§405-A. Certification of regional insurers or health maintenance organizations to**
16 **transact individual or group health insurance**

17 **1. Regional insurer or health maintenance organization defined.** As used in this
18 section, "regional insurer or health maintenance organization" means an insurer or health
19 maintenance organization that holds a valid certificate of authority to transact individual
20 or group health insurance in one of the following states: Connecticut, Massachusetts,
21 New Hampshire, Rhode Island and Vermont.

22 **2. Certification of regional insurers or health maintenance organizations.** A
23 regional insurer or health maintenance organization may not transact individual or group
24 health insurance in this State by mail, the Internet or otherwise unless the superintendent
25 has issued a certification that the regional insurer or health maintenance organization has
26 met the requirements of this subsection. The superintendent shall issue a certification or
27 deny certification within 30 days of a request. In order to be certified, the regional
28 insurer or health maintenance organization must meet the requirements of this subsection.

29 A. A policy, contract or certificate of individual or group health insurance offered for
30 sale in this State by the regional insurer or health maintenance organization must
31 comply with the applicable individual and group health insurance laws in the state or
32 country of its domicile and must be actively marketed in that state or country.

33 B. The regional insurer or health maintenance organization shall maintain minimum
34 capital and surplus requirements and maintain reserves as required by section 410;
35 section 901-A; sections 951 to 958-A; section 4204, subsection 2-A, paragraph D;
36 and section 4204-A, as applicable.

37 C. The regional insurer or health maintenance organization shall meet the
38 requirements of section 4302 for reporting plan information with respect to individual
39 and group health plans offered for sale in this State and disclose to prospective

1 enrollees how the health plans differ from individual and group health plans offered
2 by domestic insurers in a format approved by the superintendent within 90 days of
3 the effective date of this section. Health plan policies and applications for coverage
4 must contain the following disclosure statement or a substantially similar statement:
5 "This policy is issued by a regional insurer or health maintenance organization and is
6 governed by the laws and rules of (regional insurer or health maintenance
7 organization's state of domicile). This policy may not be subject to all the insurance
8 laws and rules of the State of Maine, including coverage of certain health care
9 services or benefits mandated by Maine law. Before purchasing this policy, you
10 should carefully review the terms and conditions of coverage under this policy,
11 including any exclusions or limitations of coverage."

12 D. The regional insurer or health maintenance organization shall meet the
13 requirements of section 4303, subsection 4 for grievance procedures with respect to
14 health plans offered for sale in this State.

15 E. The regional insurer or health maintenance organization shall designate an agent
16 for receiving service of legal documents and process in the manner provided in this
17 Title.

18 F. The regional insurer or health maintenance organization shall participate in an
19 insurance insolvency guaranty association to which a domestic insurer or health
20 maintenance organization that transacts individual or group health insurance in this
21 State is required to belong in accordance with this Title.

22 **3. Unfair trade practices.** The provisions of chapter 23 apply to a regional insurer
23 or health maintenance organization permitted to transact individual or group health
24 insurance under this section or section 405.

25 **4. Taxes; assessments.** A regional insurer or health maintenance organization is
26 subject to applicable taxes or assessments imposed on insurers transacting individual or
27 group health insurance in this State pursuant to this Title and Title 36.

28 **5. Compliance with court orders.** A regional insurer or health maintenance
29 organization shall comply with lawful orders from courts of competent jurisdiction issued
30 in a voluntary dissolution proceeding or in response to a petition for an injunction by the
31 superintendent asserting that the regional insurer or health maintenance organization is in
32 a hazardous financial condition.

33 Except as expressly provided in this section, the requirements of this Title do not
34 apply to a regional insurer or health maintenance organization permitted to transact
35 individual or group health insurance under this section or section 405.

36 **Sec. 4. 24-A MRSA §405-B** is enacted to read:

37 **§405-B. Domestic insurers; individual and group health insurance approved in**
38 **other states**

39 Notwithstanding any other provision of this Title, a domestic insurer or health
40 maintenance organization may offer for sale in this State an individual or group health

1 plan duly authorized for sale in another state by a parent or subsidiary of the domestic
2 insurer if the following requirements are met:

3 **1. Certificate of authority from state of domicile.** The parent or subsidiary of the
4 domestic insurer or health maintenance organization must hold a valid certificate of
5 authority to transact individual health insurance in one of the following states:
6 Connecticut, Massachusetts, New Hampshire, Rhode Island and Vermont;

7 **2. Compliance with laws of state of domicile.** A policy, contract or certificate of
8 individual or group health insurance offered for sale in this State by the domestic insurer
9 or health maintenance organization must comply with the applicable individual and group
10 health insurance laws in the state of domicile of the parent or subsidiary and must be
11 actively marketed in that state;

12 **3. Disclosure and reporting.** The domestic insurer or health maintenance
13 organization shall meet the requirements of section 4302 for reporting plan information
14 with respect to individual and group health plans offered for sale in this State and disclose
15 to prospective enrollees how the individual and group health plans of the parent or
16 subsidiary differ from individual and group health plans offered by other domestic
17 insurers in a format approved by the superintendent within 90 days of the effective date
18 of this section. Health plan policies and applications for coverage must contain the
19 following disclosure statement or a substantially similar statement: "This policy is issued
20 by a domestic insurer or health maintenance organization but is governed by the laws and
21 rules of (state of domicile of parent or subsidiary of domestic insurer), which is the state
22 of domicile of the parent or subsidiary of the domestic insurer or health maintenance
23 organization. This policy may not be subject to all the insurance laws and rules of the
24 State of Maine, including coverage of certain health care services or benefits mandated by
25 Maine law. Before purchasing this policy, you should carefully review the terms and
26 conditions of coverage under this policy, including any exclusions or limitations of
27 coverage."; and

28 **4. Grievance procedures.** The domestic insurer or health maintenance organization
29 shall meet the requirements of section 4303, subsection 4 for grievance procedures with
30 respect to health plans offered for sale in this State.

31 **Sec. 5. Effective date.** This Act takes effect January 1, 2012.

32 SUMMARY

33 This bill permits insurers authorized to transact individual or group health insurance
34 in Connecticut, Massachusetts, New Hampshire, Rhode Island and Vermont to offer their
35 individual and group health plans for sale in this State if certain requirements of Maine
36 law are met, including minimum capital and surplus and reserve requirements, disclosure
37 and reporting requirements and grievance procedures. It also permits Maine health
38 insurers to offer individual health plans of out-of-state parent or subsidiary health insurers
39 if similar requirements are met. If out-of-state health plans are offered for sale in this
40 State, the bill requires that prospective enrollees be provided adequate disclosure in a

1 format approved by the Superintendent of Insurance of how the plans differ from Maine
2 health plans. The bill includes an effective date of January 1, 2012.