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## **An Act To Establish a Reinsurance Fund To Expand Health Insurance Coverage for Individuals and Small Groups**

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

**Sec. 1. 24-A MRSA c. 54,** is enacted to read:

### **CHAPTER 54**

### **HEALTH INSURANCE INDIVIDUAL AND SMALL GROUP REINSURANCE FUND**

#### **§ 3901. Short title**

This chapter may be known and cited as "the Health Insurance Individual and Small Group Reinsurance Fund Act."

#### **§ 3902. Definitions**

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

**1. Carrier.** "Carrier" means an insurance company, nonprofit hospital and medical service organization or health maintenance organization authorized to issue individual health plans or small group health plans in this State.

**2. Enrollee.** "Enrollee" means a person covered under an individual health plan or small group health plan.

**3. Individual health plan.** "Individual health plan" has the same meaning as in section 2736-C, subsection 1, paragraph C.

**4. Small group health plan.** "Small group health plan" has the same meaning as in section 2808-B, subsection 1, paragraph G.

#### **§ 3903. Health Insurance Individual and Small Group Reinsurance Fund**

**1. Fund established.** The superintendent shall establish the Health Insurance Individual and Small Group Reinsurance Fund, referred to in this chapter as "the fund," from which carriers may receive reimbursement, to the extent funds are available, for claims paid by such carriers for enrollees. The superintendent shall establish separate and distinct accounts for funds from which carriers may receive

reimbursement for claims paid under individual and small group health plans. The fund is created as an enterprise fund for the deposit of any funds appropriated or allocated to the fund from any public or private source. The fund may not lapse but must be carried forward to carry out the purposes of this chapter.

**2. Reinsurance levels; eligibility.** A carrier is eligible to receive reimbursement for 90% of claims paid between \$25,000 and \$75,000 in a calendar year for any enrollee covered under an individual or small group health plan. Once claims paid on behalf of an enrollee reach or exceed \$75,000 in a given calendar year, no further claims paid on behalf of that enrollee in that calendar year are eligible for reimbursement. The superintendent may reallocate the money available for distribution from the fund among the individual and small group reinsurance accounts if the superintendent determines that such reallocation is warranted due to enrollment trends.

**3. Claims for reimbursement** . A carrier is eligible for reimbursement on claims only for the calendar year in which the claims are paid. A carrier must submit a request for reimbursement for eligible individual and small group health plan claims on forms prescribed by the superintendent. A reimbursement claim must be submitted no later than April 1st following the end of the calendar year for which the reimbursement requests are being made. The superintendent may require a carrier to submit any claims data in connection with the reimbursement requests that the superintendent considers necessary to oversee the operation of the fund. The data must be submitted in the form and manner prescribed by the superintendent and reported separately for individual and small group health plans.

**4. Distribution; pro rata distribution permitted.** The superintendent shall distribute reimbursement amounts from the fund to carriers on a calendar year basis. For each reinsurance account within the fund, the superintendent shall calculate the total claims reimbursement amount for all carriers for the calendar year for which claims are being reported. In the event that the total amount requested for reimbursement for a calendar year exceeds funds available for distribution for claims paid during that same calendar year, the superintendent shall provide for the pro rata distribution of the available funds. Each carrier is eligible to receive only such proportionate amount of the available funds as the individual carrier's total eligible claims paid bears to the total eligible claims paid by all carriers. In the event that funds available for distribution for claims paid by all carriers during a calendar year exceed the total amount requested for reimbursement by all carriers during that same calendar year, the excess funds must be carried forward and made available for distribution in the next calendar year. Any excess funds are in addition to the funds appropriated for the fund in the next calendar year.

**5. Estimate of total reimbursement; actuarial assumptions.** The superintendent shall separately estimate the per enrollee annual cost of total claims reimbursement from each reinsurance account based upon available data and appropriate actuarial assumptions. Upon request, each carrier shall furnish to the superintendent claims experience data and enrollment data for use in such estimations. The data must be furnished in the form and manner prescribed by the superintendent.

**6. Administrator.** The superintendent may obtain the services, through a competitive bidding process, of a 3rd-party administrator or other organization to administer the fund.

**7. Purchase of stop loss or excess insurance.** The superintendent, or the administrator of the fund pursuant to subsection 6 with the prior approval of the superintendent, may purchase stop loss or excess insurance from an insurance company authorized to do business in this State. Such stop loss or excess insurance may be purchased in an amount and at attachment levels determined appropriate by the superintendent for the purposes of providing reimbursement of claims in accordance with this section.

**8. Rules.** The superintendent shall adopt rules as necessary for the administration and operation of the fund. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

**9. Audit.** The fund must be audited annually by the State Auditor. The superintendent, at the superintendent's discretion, may arrange for an independent audit to be conducted. A copy of the audit must be provided to the joint standing committee of the Legislature having jurisdiction over health insurance matters and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs.

**10. Annual report.** The superintendent shall report annually by March 15th on the operation of the fund to the joint standing committee of the Legislature having jurisdiction over health insurance matters and the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs. The report must include information on the total amount of reimbursement made from the fund, the total claims made for reimbursement and the financial solvency of the fund.

## SUMMARY

This bill establishes the Health Insurance Individual and Small Group Reinsurance Fund to provide reimbursement of certain high-cost claims for persons covered under individual and small group health plans. The fund would reimburse carriers for 90% of claims paid between \$25,000 and \$75,000 for each enrollee covered by the carrier on a calendar year basis.