



126th MAINE LEGISLATURE

FIRST REGULAR SESSION-2013

Legislative Document

No. 161

H.P. 136

House of Representatives, January 31, 2013

**An Act To Prohibit a Health Insurance Carrier from Establishing a
Separate Premium Rate Based on Geographic Area**

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

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative LUCHINI of Ellsworth.
Cosponsored by Representatives: GOODE of Bangor, HUBBELL of Bar Harbor, PETERSON
of Rumford, Senator: PATRICK of Oxford.

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

2 **Sec. 1. 24-A MRSA §2736-C, sub-§2, ¶C-1**, as enacted by PL 2011, c. 90, Pt.
3 A, §2, is amended to read:

4 C-1. A carrier may vary the premium rate due to geographic area in accordance with
5 the limitation set out in this paragraph and paragraph D-1. For all policies, contracts
6 or certificates that are executed, delivered, issued for delivery, continued or renewed
7 in this State ~~on or after~~ between July 1, 2012 and December 31, 2013, the rating
8 factor used by a carrier for geographic area may not exceed 1.5.

9 **Sec. 2. 24-A MRSA §2736-C, sub-§2, ¶D**, as amended by PL 2011, c. 364, §4,
10 is further amended to read:

11 D. A carrier may vary the premium rate due to age and tobacco use in accordance
12 with the limitations set out in this paragraph and paragraph D-1.

13 (1) For all policies, contracts or certificates that are executed, delivered, issued
14 for delivery, continued or renewed in this State between December 1, 1993 and
15 July 14, 1994, the premium rate may not deviate above or below the community
16 rate filed by the carrier by more than 50%.

17 (2) For all policies, contracts or certificates that are executed, delivered, issued
18 for delivery, continued or renewed in this State between July 15, 1994 and July
19 14, 1995, the premium rate may not deviate above or below the community rate
20 filed by the carrier by more than 33%.

21 (3) For all policies, contracts or certificates that are executed, delivered, issued
22 for delivery, continued or renewed in this State between July 15, 1995 and June
23 30, 2012, the premium rate may not deviate above or below the community rate
24 filed by the carrier by more than 20%.

25 (5) For all policies, contracts or certificates that are executed, delivered, issued
26 for delivery, continued or renewed in this State between July 1, 2012 and
27 December 31, 2013, the maximum rate differential due to age filed by the carrier
28 as determined by ratio is 3 to 1. The limitation does not apply for determining
29 rates for an attained age of less than 19 years of age or more than 65 years of age.

30 ~~(6) For all policies, contracts or certificates that are executed, delivered, issued~~
31 ~~for delivery, continued or renewed in this State between January 1, 2014 and~~
32 ~~December 31, 2014, the maximum rate differential due to age filed by the carrier~~
33 ~~as determined by ratio is 4 to 1 to the extent permitted by the federal Affordable~~
34 ~~Care Act. The limitation does not apply for determining rates for an attained age~~
35 ~~of less than 19 years of age or more than 65 years of age.~~

36 ~~(7) For all policies, contracts or certificates that are executed, delivered, issued~~
37 ~~for delivery, continued or renewed in this State on or after January 1, 2015, the~~
38 ~~maximum rate differential due to age filed by the carrier as determined by ratio is~~
39 ~~5 to 1 to the extent permitted by the federal Affordable Care Act. The limitation~~
40 ~~does not apply for determining rates for an attained age of less than 19 years of~~
41 ~~age or more than 65 years of age.~~

1 (8) For all policies, contracts or certificates that are executed, delivered, issued
2 for delivery, continued or renewed in this State ~~on or after~~ between July 1, 2012
3 and December 31, 2013, the maximum rate differential due to tobacco use filed
4 by the carrier as determined by ratio is 1.5 to 1.

5 **Sec. 3. 24-A MRSA §2736-C, sub-§2, ¶D-1** is enacted to read:

6 D-1. A carrier may vary the premium rate due to age, geographic area and tobacco
7 use in accordance with the limitations set out in paragraphs C-1 and D and this
8 paragraph.

9 (1) For all policies, contracts or certificates that are executed, delivered, issued
10 for delivery, continued or renewed in this State on or after January 1, 2014, the
11 maximum rate differential due to age and geographic area filed by the carrier as
12 determined by ratio is 3 to 1. The limitation does not apply for determining rates
13 for an attained age of less than 19 years of age or more than 65 years of age.

14 (2) For all policies, contracts or certificates that are executed, delivered, issued
15 for delivery, continued or renewed in this State on or after January 1, 2014, the
16 maximum rate differential due to tobacco use filed by the carrier as determined
17 by ratio is 1.5 to 1.

18 **Sec. 4. 24-A MRSA §2736-C, sub-§2, ¶I**, as amended by PL 2011, c. 364, §5, is
19 further amended to read:

20 I. A carrier that offered individual health plans prior to July 1, 2012 may close its
21 individual book of business sold prior to July 1, 2012 and may establish a separate
22 community rate for individuals applying for coverage under an individual health plan
23 on or after July 1, 2012. If a carrier closes its individual book of business as
24 permitted under this paragraph, the carrier may vary the premium rate for individuals
25 in that closed book of business only as permitted in this paragraph and paragraphs C
26 and C-1.

27 (1) For all policies, contracts or certificates that are executed, delivered, issued
28 for delivery, continued or renewed in this State between July 1, 2012 and
29 December 31, 2012, the maximum rate differential due to age filed by the carrier
30 as determined by ratio is 2 to 1. The limitation does not apply for determining
31 rates for an attained age of less than 19 years of age or more than 65 years of age.

32 (2) For all policies, contracts or certificates that are executed, delivered, issued
33 for delivery, continued or renewed in this State between January 1, 2013 and
34 December 31, 2013, the maximum rate differential due to age filed by the carrier
35 as determined by ratio is 2.5 to 1. The limitation does not apply for determining
36 rates for an attained age of less than 19 years of age or more than 65 years of age.

37 (3) For all policies, contracts or certificates that are executed, delivered, issued
38 for delivery, continued or renewed in this State ~~between~~ on or after January 1,
39 2014 ~~and December 31, 2014~~, the maximum rate differential due to age and
40 geographic area filed by the carrier as determined by ratio is 3 to 1. The
41 limitation does not apply for determining rates for an attained age of less than 19
42 years of age or more than 65 years of age.

1 ~~(4) For all policies, contracts or certificates that are executed, delivered, issued~~
2 ~~for delivery, continued or renewed in this State between January 1, 2015 and~~
3 ~~December 31, 2015, the maximum rate differential due to age filed by the carrier~~
4 ~~as determined by ratio is 4 to 1 to the extent permitted by the federal Affordable~~
5 ~~Care Act. The limitation does not apply for determining rates for an attained age~~
6 ~~of less than 19 years of age or more than 65 years of age.~~

7 ~~(5) For all policies, contracts or certificates that are executed, delivered, issued~~
8 ~~for delivery, continued or renewed in this State on or after January 1, 2016, the~~
9 ~~maximum rate differential due to age filed by the carrier as determined by ratio is~~
10 ~~5 to 1 to the extent permitted by the federal Affordable Care Act. The limitation~~
11 ~~does not apply for determining rates for an attained age of less than 19 years of~~
12 ~~age or more than 65 years of age.~~

13 (6) For all policies, contracts or certificates that are executed, delivered, issued
14 for delivery, continued or renewed in this State on or after July 1, 2012, the
15 maximum rate differential due to tobacco use filed by the carrier as determined
16 by ratio is 1.5 to 1.

17 The superintendent shall direct the Consumer Health Care Division, established in
18 section 4321, to work with carriers and health advocacy organizations to provide
19 information about comparable alternative insurance options to individuals in a
20 carrier's closed book of business.

21 **Sec. 5. 24-A MRSA §2808-B, sub-§2, ¶C-1**, as enacted by PL 2011, c. 90, Pt.
22 A, §7, is amended to read:

23 C-1. A carrier may vary the premium rate due to geographic area in accordance with
24 the limitation set out in this paragraph and paragraph D-3. For all policies, contracts
25 or certificates that are executed, delivered, issued for delivery, continued or renewed
26 in this State ~~on or after~~ between October 1, 2011 and December 31, 2013, the rating
27 factor used by a carrier for geographic area may not exceed 1.5.

28 **Sec. 6. 24-A MRSA §2808-B, sub-§2, ¶D**, as amended by PL 2011, c. 638, §2,
29 is further amended to read:

30 D. A carrier may vary the premium rate due to age, group size and tobacco use only
31 as provided in paragraph D-3 and under the following schedule and within the listed
32 percentage bands.

33 (1) For all policies, contracts or certificates that are executed, delivered, issued
34 for delivery, continued or renewed in this State between July 15, 1993 and July
35 14, 1994, the premium rate may not deviate above or below the community rate
36 filed by the carrier by more than 50%.

37 (2) For all policies, contracts or certificates that are executed, delivered, issued
38 for delivery, continued or renewed in this State between July 15, 1994 and July
39 14, 1995, the premium rate may not deviate above or below the community rate
40 filed by the carrier by more than 33%.

41 (3) For all policies, contracts or certificates that are executed, delivered, issued
42 for delivery, continued or renewed in this State between July 15, 1995 and

1 September 30, 2011, the premium rate may not deviate above or below the
2 community rate filed by the carrier by more than 20%.

3 (4) For all policies, contracts or certificates that are executed, delivered, issued
4 for delivery, continued or renewed in this State between October 1, 2011 and
5 September 30, 2012, the maximum rate differential due to age filed by the carrier
6 as determined by ratio is 2 to 1. The limitation does not apply for determining
7 rates for an attained age of less than 19 years of age or more than 65 years of age.

8 (5) For all policies, contracts or certificates that are executed, delivered, issued
9 for delivery, continued or renewed in this State between October 1, 2012 and
10 December 31, 2013, the maximum rate differential due to age and group size
11 filed by the carrier as determined by ratio is 2.5 to 1. The limitation does not
12 apply for determining rates for an attained age of less than 19 years of age or
13 more than 65 years of age.

14 ~~(6) For all policies, contracts or certificates that are executed, delivered, issued~~
15 ~~for delivery, continued or renewed in this State between January 1, 2014 and~~
16 ~~December 31, 2014, the maximum rate differential due to age and group size~~
17 ~~filed by the carrier as determined by ratio is 3 to 1 to the extent permitted by the~~
18 ~~federal Affordable Care Act. The limitation does not apply for determining rates~~
19 ~~for an attained age of less than 19 years of age or more than 65 years of age.~~

20 ~~(7) For all policies, contracts or certificates that are executed, delivered, issued~~
21 ~~for delivery, continued or renewed in this State between January 1, 2015 and~~
22 ~~December 31, 2015, the maximum rate differential due to age and group size~~
23 ~~filed by the carrier as determined by ratio is 4 to 1 to the extent permitted by the~~
24 ~~federal Affordable Care Act. The limitation does not apply for determining rates~~
25 ~~for an attained age of less than 19 years of age or more than 65 years of age.~~

26 ~~(8) For all policies, contracts or certificates that are executed, delivered, issued~~
27 ~~for delivery, continued or renewed in this State on or after January 1, 2016, the~~
28 ~~maximum rate differential due to age and group size filed by the carrier as~~
29 ~~determined by ratio is 5 to 1 to the extent permitted by the federal Affordable~~
30 ~~Care Act. The limitation does not apply for determining rates for an attained age~~
31 ~~of less than 19 years of age or more than 65 years of age.~~

32 (9) For all policies, contracts or certificates that are executed, delivered, issued
33 for delivery, continued or renewed in this State ~~on or after~~ between October 1,
34 2011 and December 31, 2013, the maximum rate differential due to tobacco use
35 filed by the carrier as determined by ratio is 1.5 to 1.

36 **Sec. 7. 24-A MRSA §2808-B, sub-§2, ¶D-3** is enacted to read:

37 D-3. A carrier may vary the premium rate due to age, group size, geographic area
38 and tobacco use in accordance with the limitations set out in paragraph D and this
39 paragraph.

40 (1) For all policies, contracts or certificates that are executed, delivered, issued
41 for delivery, continued or renewed in this State on or after January 1, 2014, the
42 maximum rate differential due to age, group size and geographic area filed by the
43 carrier as determined by ratio is 3 to 1. The limitation does not apply for

1 determining rates for an attained age of less than 19 years of age or more than 65
2 years of age.

3 (2) For all policies, contracts or certificates that are executed, delivered, issued
4 for delivery, continued or renewed in this State on or after January 1, 2014, the
5 maximum rate differential due to tobacco use filed by the carrier as determined
6 by ratio is 1.5 to 1.

7 **Sec. 8. 24-A MRSA §2808-B, sub-§2, ¶H,** as amended by PL 2011, c. 638, §3,
8 is further amended to read:

9 H. A carrier that offered small group health plans prior to October 1, 2011 may close
10 its small group book of business sold prior to October 1, 2011 and may establish a
11 separate community rate for eligible groups applying for coverage under a small
12 group health plan on or after October 1, 2011. If a carrier closes its small group book
13 of business as permitted under this paragraph, the carrier may vary the premium rate
14 for that closed book of business only as permitted in this paragraph and paragraphs C
15 and C-1.

16 (1) For all policies, contracts or certificates that are executed, delivered, issued
17 for delivery, continued or renewed in this State between October 1, 2011 and
18 September 30, 2012, the maximum rate differential due to age filed by the carrier
19 as determined by ratio is 2 to 1. The limitation does not apply for determining
20 rates for an attained age of less than 19 years of age or more than 65 years of age.

21 (2) For all policies, contracts or certificates that are executed, delivered, issued
22 for delivery, continued or renewed in this State between October 1, 2012 and
23 December 31, 2013, the maximum rate differential due to age and group size
24 filed by the carrier as determined by ratio is 2.5 to 1. The limitation does not
25 apply for determining rates for an attained age of less than 19 years of age or
26 more than 65 years of age.

27 (3) For all policies, contracts or certificates that are executed, delivered, issued
28 for delivery, continued or renewed in this State ~~between~~ on or after January 1,
29 2014 ~~and December 31, 2014,~~ the maximum rate differential due to age,
30 geographic area and group size filed by the carrier as determined by ratio is 3 to 1
31 to the extent permitted by the federal Affordable Care Act. The limitation does
32 not apply for determining rates for an attained age of less than 19 years of age or
33 more than 65 years of age.

34 ~~(4) For all policies, contracts or certificates that are executed, delivered, issued~~
35 ~~for delivery, continued or renewed in this State between January 1, 2015 and~~
36 ~~December 31, 2015, the maximum rate differential due to age and group size~~
37 ~~filed by the carrier as determined by ratio is 4 to 1 to the extent permitted by the~~
38 ~~federal Affordable Care Act. The limitation does not apply for determining rates~~
39 ~~for an attained age of less than 19 years of age or more than 65 years of age.~~

40 ~~(5) For all policies, contracts or certificates that are executed, delivered, issued~~
41 ~~for delivery, continued or renewed in this State on or after January 1, 2016, the~~
42 ~~maximum rate differential due to age and group size filed by the carrier as~~
43 ~~determined by ratio is 5 to 1 to the extent permitted by the federal Affordable~~

1 ~~Care Act. The limitation does not apply for determining rates for an attained age~~
2 ~~of less than 19 years of age or more than 65 years of age.~~

3 (6) For all policies, contracts or certificates that are executed, delivered, issued
4 for delivery, continued or renewed in this State on or after October 1, 2011, the
5 maximum rate differential due to tobacco use filed by the carrier as determined
6 by ratio is 1.5 to 1.

7 **SUMMARY**

8 This bill eliminates the ability of health insurers to establish a separate premium rate
9 variation on the basis of geographic area, which was enacted as part of Public Law 2011,
10 chapter 90. The bill merges the rating bands for age and geographic area so that the
11 combined rate differential due to age and geographic area may not exceed a ratio of 3 to 1
12 beginning January 1, 2014 for all individual and small group health insurance policies.