



127th MAINE LEGISLATURE

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Legislative Document

No. 243

H.P. 175

House of Representatives, February 3, 2015

An Act To Restore Consumer Rate Review for Health Insurance Plans in the Individual Market

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

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative MELARAGNO of Auburn.
Cosponsored by Senator GRATWICK of Penobscot and
Representatives: BECK of Waterville, BROOKS of Lewiston, FECTEAU of Biddeford,
Senator: LIBBY of Androscoggin.

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

2 **Sec. 1. 24-A MRSA §2735-A, sub-§1**, as amended by PL 2011, c. 364, §1, is
3 further amended to read:

4 **1. Notice of rate filing or rate increase on existing policies.** An insurer offering
5 individual health plans as defined in section 2736-C must provide written notice by first
6 class mail of a rate filing to all affected policyholders at least 60 days before the effective
7 date of any proposed increase in premium rates or any proposed rating formula,
8 classification of risks or modification of any formula or classification of risks. ~~Except as~~
9 ~~otherwise provided in section 2736-C, subsection 2-B, the~~ The notice must also inform
10 policyholders of their right to request a hearing pursuant to section 229. The notice must
11 show the proposed rate and, ~~unless otherwise provided in section 2736-C, subsection 2-B,~~
12 state that the rate is subject to regulatory approval. ~~Except as otherwise provided in~~
13 ~~section 2736-C, subsection 2-B, the~~ The superintendent may not take final action on a
14 rate filing until 40 days after the date notice is mailed by an insurer. An increase in
15 premium rates may not be implemented until 60 days after the notice is provided or until
16 the effective date under section 2736, whichever is later.

17 **Sec. 2. 24-A MRSA §2736-A, first ¶**, as amended by PL 2011, c. 364, §2, is
18 further amended to read:

19 If at any time the superintendent has reason to believe that a filing does not meet the
20 requirements that rates not be excessive, inadequate or unfairly discriminatory or that the
21 filing violates any of the provisions of chapter 23, the superintendent shall cause a
22 hearing to be held. If a filing proposes an increase in rates in an individual health plan as
23 defined in section 2736-C, the superintendent shall cause a hearing to be held ~~at the~~
24 ~~request of the Attorney General.~~ In any hearing conducted under this section, the insurer
25 has the burden of proving rates are not excessive, inadequate or unfairly discriminatory.

26 **Sec. 3. 24-A MRSA §2736-C, sub-§2-B**, as amended by PL 2011, c. 364, §7, is
27 further amended to read:

28 **2-B. Rate filings; credible health plans.** ~~Notwithstanding section 2736, subsection~~
29 ~~1 and section 2736-A, at the carrier's option, rate~~ Rate filings for a carrier's credible block
30 of individual health plans ~~may~~ must be filed in accordance with this subsection. ~~Rates~~
31 ~~filed in accordance with this subsection are filed for informational purposes unless rate~~
32 ~~review is required pursuant to the federal Affordable Care Act.~~

33 A. A carrier's individual health plans are considered credible if the anticipated
34 average number of members during the period for which the rates will be in effect
35 meets standards for full or partial credibility pursuant to the federal Affordable Care
36 Act. The rate filing must state the anticipated average number of members during the
37 period for which the rates will be in effect and the basis for the estimate. ~~If the~~
38 ~~superintendent determines that the number of members is likely to be less than~~
39 ~~needed to meet the credibility standard, the filing is subject to section 2736,~~
40 ~~subsection 1 and section 2736-A.~~

1 B. On an annual schedule as determined by the superintendent, the carrier shall file a
2 report with the superintendent showing the calculation of rebates as required pursuant
3 to the federal Affordable Care Act, except that the calculation must be based on a
4 minimum medical loss ratio of 80% if the applicable federal minimum for the
5 individual market in this State is lower. If the calculation indicates that rebates must
6 be paid, the carrier must pay the rebates in the same manner as is required for rebates
7 pursuant to the federal Affordable Care Act.

8 **Sec. 4. 24-A MRSA §2736-C, sub-§5**, as amended by PL 2011, c. 90, Pt. D, §3,
9 is further amended to read:

10 **5. Loss ratios.** ~~Except as provided in subsection 2-B, for~~ For all policies and
11 certificates issued on or after the effective date of this section, the superintendent shall
12 disapprove any premium rates filed by any carrier, whether initial or revised, for an
13 individual health policy unless it is anticipated that ~~the aggregate benefits estimated to be~~
14 ~~paid under all the individual health policies maintained in force by the carrier for the~~
15 ~~period for which coverage is to be provided will return to policyholders at least 65% of~~
16 ~~the aggregate premiums collected for those policies~~ the minimum medical loss ratio
17 satisfies the requirements for individual health plans in section 4319, as determined in
18 accordance with accepted actuarial principles and practices and on the basis of incurred
19 claims experience and earned premiums. For the purposes of this calculation, any
20 payments paid pursuant to former section 6913 must be treated as incurred claims.

21 **Sec. 5. 24-A MRSA §3953, sub-§2, ¶¶E and G**, as enacted by PL 2013, c. 273,
22 §3, are amended to read:

23 E. The board shall establish regular places and times for meetings and may meet at
24 other times at the call of the chair. Meetings of the board must be open to the public
25 and otherwise in compliance with Title 1, section 403. The board shall post notice of
26 scheduled meetings, meeting agendas and minutes of meetings on a publicly
27 accessible website maintained by the association.

28 G. The board shall establish a process for taking public comment at selected board
29 meetings to be held at such time and place as the board may determine. The
30 opportunity for public comment must be made available not less often than quarterly.
31 ~~Except as specified in this paragraph, meetings of the board are not open to the~~
32 ~~public.~~

33 **Sec. 6. Application.** Those sections of this Act that amend the Maine Revised
34 Statutes, Title 24-A, sections 2735-A, 2736-A and 2736-C apply to individual health plan
35 rate filings submitted by an insurer or a carrier to the Department of Professional and
36 Financial Regulation, Bureau of Insurance pursuant to Title 24-A, sections 2736 and
37 2736-C for the 2016 plan or policy year and thereafter.

38 **SUMMARY**

39 This bill amends the rate review process for individual health insurance. It requires
40 advance review and prior approval of individual health insurance rates. It requires the
41 Superintendent of Insurance to hold a hearing if a filing proposes an increase in rates in

1 individual health insurance plans. It requires the Superintendent of Insurance to
2 disapprove premium rates unless the minimum medical loss ratio satisfies the statutory
3 requirements for individual health plans. The changes apply to individual health plan rate
4 filings submitted to the Department of Professional and Financial Regulation, Bureau of
5 Insurance beginning with the 2016 plan or policy year. The bill also requires meetings of
6 the Board of Directors of the Maine Guaranteed Access Reinsurance Association to be
7 open to the public.