

**LD 1150, An Act To Eliminate Insurance Rating Based on Age, Geographic Location or
Smoking History and To Reduce Rate Variability Due to Group Size**

SUMMARY:

This bill prohibits insurance carriers providing individual health plans or small group health plans from varying premium rates based on age, geographic location or tobacco use on or after January 1, 2022. The bill also reduces the permitted variation based on group size to 1.5 to 1 for small group plans over time.

CURRENT LAW:

Under current law, health insurance carriers providing individual and small group health plans may vary rates on the basis of age at a ratio of 3:1 (consistent with the federal Affordable Care Act). If the restrictions in the ACA were not in place, Maine law would permit age rating up to a 5:1 ratio. Rating on the basis of tobacco use (consistent with the federal Affordable Care Act) is permitted to vary up to 1.5 to 1. The ACA would allow unlimited variation for geography, but Maine law limits geographic variation to a 1.5:1 ratio.

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TESTIMONY: Written testimony can be found at this [link](#)

ISSUES FOR CONSIDERATION:

1. As drafted, bill prohibits rating on the basis of allowable rating factors (age, tobacco use and geographic area) that are recognized under the ACA. Federal law does permit states to adopt more restrictive rating rules: there are 3 states that have more restrictive rating factors for age below the 3:1 ratio in the ACA; and 10 states and Washington, D.C. have eliminated or imposed further restrictions on tobacco-rating factor.
2. Rating on the basis of group size is not permitted under the federal ACA. If proposal moves forward, the provisions in the bill related to group size should be removed.
3. Consider impact on premium rates? And potential disruption to market? Consider effect of adverse selection? What effect in absence of individual mandate? Does impact need further study before moving forward?
4. The Bureau of Insurance also noted concerns about the timing and ability to implement the proposal before January 1, 2022.
5. Previously considered similar proposals (most recently in 129th and 128th Legislatures) that were not enacted. LD 1331, An Act To Make Individual and Small Group Health Insurance More Affordable in Certain High-premium Counties, scheduled for hearing on April 14 proposes changes to geographic area rating factors.

FISCAL INFORMATION:

Not yet determined