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Legislative Document

No. 769

H.P. 549

House of Representatives, March 2, 2017

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

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

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

ROBERT B. HUNT
Clerk

Presented by Representative BROOKS of Lewiston.
Cosponsored by Representative: McCREA of Fort Fairfield.

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. For all policies, contracts or certificates that
6 are executed, delivered, issued for delivery, continued or renewed in this State ~~on or~~
7 ~~after~~ between July 1, 2012 and December 31, 2017, the rating factor used by a carrier
8 for geographic area may not exceed 1.5. For all policies, contracts or certificates that
9 are executed, delivered, issued for delivery, continued or renewed in this State on or
10 after January 1, 2018, a carrier may not vary the premium rate due to geographic
11 area.

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

14 D. A carrier may vary the premium rate due to age and tobacco use in accordance
15 with the limitations set out in this paragraph.

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

20 (2) For all policies, contracts or certificates that are executed, delivered, issued
21 for delivery, continued or renewed in this State between July 15, 1994 and July
22 14, 1995, the premium rate may not deviate above or below the community rate
23 filed by the carrier by more than 33%.

24 (3) For all policies, contracts or certificates that are executed, delivered, issued
25 for delivery, continued or renewed in this State between July 15, 1995 and June
26 30, 2012, the premium rate may not deviate above or below the community rate
27 filed by the carrier by more than 20%.

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

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

39 (7) For all policies, contracts or certificates that are executed, delivered, issued
40 for delivery, continued or renewed in this State ~~on or after~~ between January 1,
41 2015 and December 31, 2017, the maximum rate differential due to age filed by

1 the carrier as determined by ratio is 5 to 1 to the extent permitted by the federal
2 Affordable Care Act. The limitation does not apply for determining rates for an
3 attained age of less than 19 years of age or more than 65 years of age. For all
4 policies, contracts or certificates that are executed, delivered, issued for delivery,
5 continued or renewed in this State on or after January 1, 2018, a carrier may not
6 vary the premium rate due to age.

7 (8) For all policies, contracts or certificates that are executed, delivered, issued
8 for delivery, continued or renewed in this State ~~on or after~~ between July 1, 2012
9 and December 31, 2017, the maximum rate differential due to tobacco use filed
10 by the carrier as determined by ratio is 1.5 to 1. For all policies, contracts or
11 certificates that are executed, delivered, issued for delivery, continued or renewed
12 in this State on or after January 1, 2018, a carrier may not vary the premium rate
13 due to tobacco use.

14 **Sec. 3. 24-A MRSA §2736-C, sub-§2, ¶I,** as amended by PL 2011, c. 364, §5, is
15 further amended to read:

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

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

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

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

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

1 (5) For all policies, contracts or certificates that are executed, delivered, issued
2 for delivery, continued or renewed in this State ~~on or after~~ between January 1,
3 2016 and December 31, 2017, the maximum rate differential due to age filed by
4 the carrier as determined by ratio is 5 to 1 to the extent permitted by the federal
5 Affordable Care Act. The limitation does not apply for determining rates for an
6 attained age of less than 19 years of age or more than 65 years of age. For all
7 policies, contracts or certificates that are executed, delivered, issued for delivery,
8 continued or renewed in this State on or after January 1, 2018, a carrier may not
9 vary the premium rate due to age.

10 (6) For all policies, contracts or certificates that are executed, delivered, issued
11 for delivery, continued or renewed in this State ~~on or after~~ between July 1, 2012
12 and December 31, 2017, the maximum rate differential due to tobacco use filed
13 by the carrier as determined by ratio is 1.5 to 1. For all policies, contracts or
14 certificates that are executed, delivered, issued for delivery, continued or renewed
15 in this State on or after January 1, 2018, a carrier may not vary the premium rate
16 due to tobacco use.

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. 4. 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. For all policies, contracts or certificates that
25 are executed, delivered, issued for delivery, continued or renewed in this State ~~on or~~
26 ~~after~~ between October 1, 2011 and December 31, 2017, the rating factor used by a
27 carrier for geographic area may not exceed 1.5. For all policies, contracts or
28 certificates that are executed, delivered, issued for delivery, continued or renewed in
29 this State on or after January 1, 2018, a carrier may not vary the premium rate due to
30 geographic area.

31 **Sec. 5. 24-A MRSA §2808-B, sub-§2, ¶D**, as amended by PL 2011, c. 638, §2,
32 is further amended to read:

33 D. A carrier may vary the premium rate due to age, group size and tobacco use only
34 under the following schedule and within the listed percentage bands.

35 (1) For all policies, contracts or certificates that are executed, delivered, issued
36 for delivery, continued or renewed in this State between July 15, 1993 and July
37 14, 1994, the premium rate may not deviate above or below the community rate
38 filed by the carrier by more than 50%.

39 (2) For all policies, contracts or certificates that are executed, delivered, issued
40 for delivery, continued or renewed in this State between July 15, 1994 and July
41 14, 1995, the premium rate may not deviate above or below the community rate
42 filed by the carrier by more than 33%.

- 1 (3) For all policies, contracts or certificates that are executed, delivered, issued
2 for delivery, continued or renewed in this State between July 15, 1995 and
3 September 30, 2011, the premium rate may not deviate above or below the
4 community rate filed by the carrier by more than 20%.
- 5 (4) For all policies, contracts or certificates that are executed, delivered, issued
6 for delivery, continued or renewed in this State between October 1, 2011 and
7 September 30, 2012, the maximum rate differential due to age filed by the carrier
8 as determined by ratio is 2 to 1. The limitation does not apply for determining
9 rates for an attained age of less than 19 years of age or more than 65 years of age.
- 10 (5) For all policies, contracts or certificates that are executed, delivered, issued
11 for delivery, continued or renewed in this State between October 1, 2012 and
12 December 31, 2013, the maximum rate differential due to age and group size
13 filed by the carrier as determined by ratio is 2.5 to 1. The limitation does not
14 apply for determining rates for an attained age of less than 19 years of age or
15 more than 65 years of age.
- 16 (6) For all policies, contracts or certificates that are executed, delivered, issued
17 for delivery, continued or renewed in this State between January 1, 2014 and
18 December 31, 2014, the maximum rate differential due to age and group size
19 filed by the carrier as determined by ratio is 3 to 1 to the extent permitted by the
20 federal Affordable Care Act. The limitation does not apply for determining rates
21 for an attained age of less than 19 years of age or more than 65 years of age.
- 22 (7) For all policies, contracts or certificates that are executed, delivered, issued
23 for delivery, continued or renewed in this State between January 1, 2015 and
24 December 31, 2015, the maximum rate differential due to age and group size
25 filed by the carrier as determined by ratio is 4 to 1 to the extent permitted by the
26 federal Affordable Care Act. The limitation does not apply for determining rates
27 for an attained age of less than 19 years of age or more than 65 years of age.
- 28 (8) For all policies, contracts or certificates that are executed, delivered, issued
29 for delivery, continued or renewed in this State ~~on or after~~ between January 1,
30 2016 and December 31, 2017, the maximum rate differential due to age and
31 group size filed by the carrier as determined by ratio is 5 to 1 to the extent
32 permitted by the federal Affordable Care Act. The limitation does not apply for
33 determining rates for an attained age of less than 19 years of age or more than 65
34 years of age.
- 35 (9) For all policies, contracts or certificates that are executed, delivered, issued
36 for delivery, continued or renewed in this State ~~on or after~~ between October 1,
37 2011 and December 31, 2017, the maximum rate differential due to tobacco use
38 filed by the carrier as determined by ratio is 1.5 to 1. For all policies, contracts or
39 certificates that are executed, delivered, issued for delivery, continued or renewed
40 in this State on or after January 1, 2018, a carrier may not vary the premium rate
41 due to tobacco use.
- 42 (10) For all policies, contracts or certificates that are executed, delivered, issued
43 for delivery, continued or renewed in this State on or after January 1, 2018, a
44 carrier may not vary the premium rate due to age.

1 (11) For all policies, contracts or certificates that are executed, delivered, issued
2 for delivery, continued or renewed in this State between January 1, 2018 and
3 December 31, 2018, the maximum rate differential due to group size filed by the
4 carrier as determined by ratio is 3 to 1.

5 (12) For all policies, contracts or certificates that are executed, delivered, issued
6 for delivery, continued or renewed in this State between January 1, 2019 and
7 December 31, 2019, the maximum rate differential due to group size filed by the
8 carrier as determined by ratio is 2 to 1.

9 (13) 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, 2020, the
11 maximum rate differential due to group size filed by the carrier as determined by
12 ratio is 1.5 to 1.

13 **Sec. 6. 24-A MRSA §2808-B, sub-§2, ¶H,** as amended by PL 2011, c. 638, §3,
14 is further amended to read:

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

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

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

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

39 (4) For all policies, contracts or certificates that are executed, delivered, issued
40 for delivery, continued or renewed in this State between January 1, 2015 and
41 December 31, 2015, the maximum rate differential due to age and group size
42 filed by the carrier as determined by ratio is 4 to 1 to the extent permitted by the

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

3 (5) For all policies, contracts or certificates that are executed, delivered, issued
4 for delivery, continued or renewed in this State ~~on or after~~ between January 1,
5 2016 and December 31, 2017, the maximum rate differential due to age and
6 group size filed by the carrier as determined by ratio is 5 to 1 to the extent
7 permitted by the federal Affordable Care Act. The limitation does not apply for
8 determining rates for an attained age of less than 19 years of age or more than 65
9 years of age.

10 (6) For all policies, contracts or certificates that are executed, delivered, issued
11 for delivery, continued or renewed in this State ~~on or after~~ between October 1,
12 2011 and December 31, 2017, the maximum rate differential due to tobacco use
13 filed by the carrier as determined by ratio is 1.5 to 1. For all policies, contracts or
14 certificates that are executed, delivered, issued for delivery, continued or renewed
15 in this State on or after January 1, 2018, a carrier may not vary the premium rate
16 due to tobacco use.

17 (7) For all policies, contracts or certificates that are executed, delivered, issued
18 for delivery, continued or renewed in this State on or after January 1, 2018, a
19 carrier may not vary the premium rate due to age.

20 (8) For all policies, contracts or certificates that are executed, delivered, issued
21 for delivery, continued or renewed in this State between January 1, 2018 and
22 December 31, 2018, the maximum rate differential due to group size filed by the
23 carrier as determined by ratio is 3 to 1.

24 (9) For all policies, contracts or certificates that are executed, delivered, issued
25 for delivery, continued or renewed in this State between January 1, 2019 and
26 December 31, 2019, the maximum rate differential due to group size filed by the
27 carrier as determined by ratio is 2 to 1.

28 (10) For all policies, contracts or certificates that are executed, delivered, issued
29 for delivery, continued or renewed in this State on or after January 1, 2020, the
30 maximum rate differential due to group size filed by the carrier as determined by
31 ratio is 1.5 to 1.

32 SUMMARY

33 This bill prohibits insurance carriers providing individual health plans or small group
34 health plans from varying premium rates based on age, geographic location or tobacco
35 use on or after January 1, 2018. The bill also reduces the variation based on group size to
36 1.5 to 1 for small group plans over time.