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Legislative Document

No. 815

S.P. 251

In Senate, February 14, 2019

**An Act To Regulate the Issuance of Short-term, Limited-duration
Health Insurance Policies in the State**

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

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by President JACKSON of Aroostook.
Cosponsored by Speaker GIDEON of Freeport and
Senators: FOLEY of York, LIBBY of Androscoggin, SANBORN, H. of Cumberland,
VITELLI of Sagadahoc, Representatives: BLIER of Buxton, FECTEAU of Biddeford,
MOONEN of Portland, TEPLER of Topsham.

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

2 **Sec. 1. 24-A MRSA §2736-C, sub-§1, ¶C**, as amended by PL 2011, c. 238, Pt.
3 D, §1, is further amended to read:

4 C. "Individual health plan" means any hospital and medical expense-incurred policy
5 or health, hospital or medical service corporation plan contract. It includes both
6 individual contracts and certificates issued under group contracts specified in section
7 2701, subsection 2, paragraph C. "Individual health plan" does not include the
8 following types of insurance:

- 9 (1) Accident;
- 10 (2) Credit;
- 11 (3) Disability;
- 12 (4) Long-term care or nursing home care;
- 13 (5) Medicare supplement;
- 14 (6) Specified disease;
- 15 (7) Dental or vision;
- 16 (8) Coverage issued as a supplement to liability insurance;
- 17 (9) Workers' compensation;
- 18 (10) Automobile medical payment;
- 19 (11) Insurance under which benefits are payable with or without regard to fault
20 and that is required statutorily to be contained in any liability insurance policy or
21 equivalent self-insurance; or
- 22 (12) Short-term, limited-duration policies, as described in section 2849-B,
23 subsection 1.

24 **Sec. 2. 24-A MRSA §2849-B, sub-§1**, as amended by PL 2011, c. 90, Pt. G, §1,
25 is further amended to read:

26 **1. Policies subject to this section.** This section applies to all individual, group and
27 blanket medical insurance policies except hospital indemnity, specified accident,
28 specified disease, long-term care and short-term, limited-duration policies issued by
29 insurers or health maintenance organizations. For purposes of this section, a short-term,
30 limited-duration policy is an individual, nonrenewable policy issued for a term that is ~~less~~
31 ~~than 12~~ 3 months or less. This section does not apply to Medicare supplement policies as
32 defined in section 5001, subsection 4.

33 **Sec. 3. 24-A MRSA §2849-B, sub-§2**, as amended by PL 2007, c. 199, Pt. D, §4,
34 is further amended to read:

35 **2. Persons provided continuity of coverage.** Except as provided in subsection 3,
36 this section provides continuity of coverage for a person who seeks coverage under an

1 individual, group or blanket insurance policy or health maintenance organization policy
2 if:

3 A. That person was covered under an individual, group or blanket contract or policy
4 issued by a nonprofit hospital or medical service organization, insurer, health
5 maintenance organization or was covered under an uninsured employee benefit plan
6 that provides payment for health services received by employees and their dependents
7 or a governmental program, including, but not limited to, those listed in section 2848,
8 subsection 1-B, paragraph A, subparagraphs (3) to (10). For purposes of this section,
9 the individual, group or blanket policy under which the person is seeking coverage is
10 the "succeeding policy." The group, blanket or individual contract or policy,
11 uninsured employee benefit plan or governmental program that previously covered
12 the person is the "prior contract or policy"; and

13 B. Coverage under the prior contract or policy terminated:

14 (1) Within 180 days before the date the person enrolls or is eligible to enroll in
15 the succeeding contract if:

16 (a) Coverage was terminated due to unemployment, as defined in Title 26,
17 section 1043;

18 (b) The person was eligible for and received unemployment compensation
19 benefits for the period of unemployment, as provided under Title 26, chapter
20 13; and

21 (c) The person is employed at the time replacement coverage is sought under
22 this provision; or

23 (2) Within 90 days before the date the person enrolls or is eligible to enroll in the
24 succeeding contract.

25 A period of ineligibility for a health plan imposed by terms of employment may not
26 be considered in determining whether the coverage ended within a time period
27 specified under this section.

28 This section does not apply to replacements of group or blanket coverage within the
29 scope of section 2849 or if the succeeding policy is an individual policy and the prior
30 contract or policy was a short-term, limited-duration policy.

31 **Sec. 4. 24-A MRSA §2849-B, sub-§8**, as amended by PL 2011, c. 90, Pt. G, §2,
32 is further amended to read:

33 **8. Short-term, limited-duration insurance.** A person eligible for continuity of
34 coverage under subsection 2 may be allowed to purchase coverage under an individual,
35 nonrenewable, short-term, limited-duration policy. The issuance of a short-term,
36 limited-duration policy is subject to the following conditions.

37 A. Upon offering an individual short-term, limited-duration policy for purchase, an
38 insurer or the insurer's agent or broker must provide written disclosure of the terms
39 and benefits of the policy in at least 14-point type. Specific disclosure that the short-
40 term, limited-duration policy is not subject to any limitation on preexisting condition
41 exclusions or the provisions of guaranteed renewal and continuity of coverage and of

1 the types of benefits and consumer protections that are and are not included is
2 required.

3 B. An insurer or the insurer's agent or broker may not issue a short-term,
4 limited-duration policy that replaces a prior short-term, limited-duration policy if the
5 combined term of the new policy and all prior successive policies ~~exceed~~ exceeds
6 3 months in any 12-month period. All individuals making an application for
7 coverage under a short-term, limited-duration policy must disclose any prior coverage
8 under a short-term, limited-duration policy and the policy duration.

9 **Sec. 5. Application.** The requirements of this Act apply to all policies, contracts
10 and certificates executed, delivered, issued for delivery, continued or renewed in this
11 State on or after January 1, 2020. For purposes of this Act, all contracts are deemed to be
12 renewed no later than the next yearly anniversary of the contract date.

13 SUMMARY

14 This bill limits the issuance of short-term, limited-duration individual health
15 insurance policies in this State to policies with a term that is 3 months or less and further
16 restricts an insurer or the insurer's agent or broker from issuing a short-term, limited-
17 duration policy that replaces a prior short-term, limited-duration policy if the combined
18 term of the new policy and all prior successive policies exceeds 3 months in any 12-
19 month period.

20 The bill also requires that insurers make specific written disclosures related to the
21 terms and benefits of the policies in at least 14-point type, including the types of benefits
22 and consumer protections that are and are not included in the policies.

23 The requirements of the bill apply to policies issued or renewed in this State on or
24 after January 1, 2020.