

Bulletin 260

PROVIDER NETWORKS

I. Health Maintenance Organizations and Preferred Provider Organizations are hereby reminded that no HMO, point of service, or preferred provider organization product may be marketed in Maine until such time as the provider network has been reviewed and approved by the Bureau. Title 24-A M.R.S.A. § 4216(A) authorizes penalties where the Superintendent finds an HMO is (emphasis added):

operating significantly in contravention of its basic organizational document or in a manner contrary to that described in and reasonably inferred from any other information submitted under section 4203 [application requirements], unless amendments to such submissions have been filed with and approved by the superintendent.

Title 24-A M.R.S.A. § 2675(1-A) states:

No [preferred provider] arrangement may be offered until the Superintendent has approved the arrangement.

II. The Bureau has received inquiries from HMO's interested in marketing products offering a more limited network than that available under previously approved products. For example, the more limited network might include only hospitals that have entered into particularly favorable contracts with the HMO. Such a product would only be permissible under the following conditions:

1. The limited network must be filed for prior approval by the Bureau.
2. If the product is to be marketed to small groups or individuals, it is subject to the requirements of Title 24-A, §§ 2736-C(2)(D) and 2808-B(2)(D), which restrict rate variations due to age, smoking status, occupation or industry, and geographic area to 20% above or below the filed community rate. With respect to geographic area, this requirement can be met in one of two ways:
 - A. Where the limited network covers the HMO's entire service area, rate variations do not exceed the above limit; or,
 - B. Where the limited network does not cover the HMO's entire service area, marketing occurs only in areas where the network is adequate, and an identical product utilizing the HMO's regular network is offered in the remainder of the service area. The two products would be considered as one for purposes of meeting the law's restriction on rate variations.

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NOTE: This Bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties, or privileges, nor is it intended to provide legal advice. Readers are encouraged to consult applicable statutes and regulations and to contact the Bureau of Insurance if additional information is needed.