

Bulletin 198

Medical deductible for workers compensation

April 14, 1992

Public Law Chapter 615 effective January 1, 1992 requires that each insurer offering workers' compensation in the state offer medical deductibles in the amount of \$250 and \$500 per occurrence.

For insureds with an estimated premium over 500% of the premium qualifying for experience rating and who have more than 10 employees, except for those employers in the logging and lumbering industries, including drivers, and sawmill industries, the \$500 deductible is mandatory.

It is the Bureau's position that:

- 1) The mandatory deductible does not apply to retrospectively rated policies.
- 2) The amount the insured pays under the medical deductible plan shall not be used for purposes of experience rating.
- 3) The deductible shall be offered for all policies in the voluntary and residual market.
- 4) The amount of estimated standard premium for determining whether or not an insured is subject to the mandatory deductible shall be the 500% of the amount listed in the NCCI's Experience Rating Plan Manual for WORKERS COMPENSATION and EMPLOYERS LIABILITY INSURANCE Appendix "Table of Premium Eligibility Amounts by State" for the state of Maine. At present a risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$9000. If an insured has been in business more than two years, they are eligible for experience rating if they have an average annual premium of at least \$4500. These amounts shall change whenever the eligibility amounts for experience rating change. Interstate rated risks for the purpose of the medical deductible shall use the Maine portion of their premium for determining eligibility.
- 5) The credit for deductibles for these policies shall be applied at policy inception.
- 6) The insured shall pay medical expenses per occurrence up to the amount of the deductible. Upon request by the insured, the insurer shall provide adjustment services to the insured in order to aid the insured in ascertaining the compensability of the injury or illnesses and the appropriateness of the medical bills as they relate to any applicable fee schedules in effect. Such services shall be provided in a timely manner which will permit the payment or the filing of a notice of controversy of the medical bill in question within the 75 days allowed by Title 39 Section 51-B(4) and 51-B(7). If the insured fails to make such a request it will be the insured's responsibility to decide whether to pay or contest the medical bills up to the amount of the deductible.
- 7) The maximum medical deductible for each occurrence is \$500, regardless of the number of people who sustain injury by such accident or disease.
- 8) An insured whose estimated premium is below the threshold amount for eligibility at policy inception whose premium increases mid-term above the threshold amount is not eligible for the mandatory deductible until policy renewal.
- 9) An insured is eligible for the mandatory medical deductible if the insured has employed more than 10 employees concurrently within the prior policy period and their premium is sufficient for eligibility as outlined in Item 4.

Richard E. Johnson
Acting Superintendent of Insurance

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.