

Bulletin 303

Small Group Health Insurance – Association Groups

This bulletin will clarify the requirements applicable to coverage issued to associations covering employers subject to Maine's small group law [Title 24-A M.R.S.A. § 2808-B]. Except where otherwise noted, these requirements apply regardless of whether the association has been granted an exemption from community rating pursuant to Title 24-A M.R.S.A. § 2808-B(2)(E). Further information about association exemptions can be found in Bulletin 210, item 8.

- Any product, benefit plan, or optional benefit offered to small employers through an association group must be offered to all small employers in the State. However, a plan formerly but not currently offered to all small employers may be renewed for those employers who purchased the plan at the time it was generally offered. Similar renewal rights apply to employers who first purchased their current plan before July 15, 1993, the effective date of the small group law.
- Adjustments to the rates based on certain factors, as permitted by Title 24-A M.R.S.A. § 2808-B(2)(C, D, and D-1), may be made separately for each employer or for the association as a whole. Changes to the rates based on these factors may be made at any time, provided such changes are permitted under the contract.
- If coverage is provided to both small and large employers through an association, only plans offered to small employers are subject to the small group law. Experience rating for large groups within the association is permitted but not required.
- Rate adjustments based on claims experience are not permitted unless an exemption has been granted pursuant to Title 24-A M.R.S.A. § 2808-B(2)(E), and the adjustment is applied only to the community rate and demographic multipliers, with no separate experience adjustments for individual employers.
- Coverage may not be provided to members of an association who are not employers unless either (1) the coverage is an individual plan offered to the general public at the same rates, or (2) the Superintendent has granted an exemption under Title 24-A M.R.S.A. § 2736-C(9).

July 5, 2000 _____
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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.