PREPAID LIMITED HEALTH SERVICE ORGANIZATION MODEL ACT

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C. "Evidence of coverage" means the certificate, agreement or contract issued pursuant to Section 9 of this Act setting forth the coverage to which an enrollee is entitled.

D. "Limited health service" means dental care services, vision care services, mental health services, substance abuse services, pharmaceutical services, podiatric care services, and such other services as may be determined by the commissioner to be limited health services. Limited health service shall not include hospital, medical, surgical or emergency services except as these services are provided incident to the limited health services set forth in the preceding sentence.

E. "Prepaid limited health service organization" means any corporation, partnership or other entity that, in return for a prepayment, undertakes to provide or arrange for the provision of one or more limited health services to enrollees.

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(d) The manner in which the requirements of Section 18 of this Act have been fulfilled;

(4) The agreements with providers for the provision of limited health services contain the provisions required by Section 17 of this Act; and

(5) Any deficiencies identified by the commissioner have been corrected.

B. If the certificate of authority is denied, the commissioner shall notify the applicant and shall specify the reasons for denial in the notice. The prepaid limited health service organization shall have [insert number] days from the date of receipt of the notice to request a hearing before the commissioner pursuant to [insert citation to state's administrative procedures act].

Section 6. Effect on Organizations Operating on Effective Date of this Act

Within [insert number] days after the effective date of this Act, every prepaid limited health service organization operating in this state without a certificate of authority shall submit an application for a certificate of authority to the commissioner. Each such organization may continue to operate during the pendency of its application. In the event an application is denied under this section, the applicant will then be treated as a prepaid limited health service organization whose certificate of authority has been revoked.

Section 7. Filing Requirements for Authoy[illegible]

B. If a prepaid limited health service organization desires to add one or more limited health services, it shall file a notice with the commissioner and, at the same time, shall submit the information required by Section 4 (if different from that filed with the prepaid limited health service organization's application), and shall demonstrate compliance with Sections 17, 18 and 24. If the commissioner does not disapprove the filing within [insert number] days of its filing, the filing shall be deemed approved.

C. If such filings are disapproved, the commissioner shall notify the prepaid limited health service
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(3) No other provision of the insurance code shall apply to a prepaid limited health service organization unless such an organization is specifically mentioned therein.

Drafting Note: Each state should review its unfair insurance trade practices act and penalty provisions governing insurance companies to determine if any of its provisions should not apply to prepaid limited health service organizations.

B. The provision of limited health services by a prepaid limited health service organization or other entity pursuant to this Act shall not be deemed to be the practice of medicine or other healing arts.

Drafting Note: The intent of Subsection B of this section is to specify that prepaid limited health service organizations and other entities operating pursuant to this Act are not involved in the practice of medicine or in the practice of any other form of health services. Since the statutes in a number of states define one or more types of health services as other than the practice of medicine, this exclusion should contain references to the applicable sections of a state's licensing provisions.

C. Solicitation to arrange for or provide limited health services in accordance with this Act shall not be construed to violate any provision of law relating to solicitation or advertising by health professionals.

Section 12. Nonduplication of Coverage

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Section 14. Examination of Organization

A. The commissioner may examine the affairs of any prepaid limited health service organization as often as is reasonably necessary to protect the interests of the people of this state, but not less frequently than once every [insert number] years.

B.

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E. Termination of the contract shall not release the provider from completing procedures in progress on enrollees then receiving treatment for a specific condition for a period not to exceed [insert number] days, at the same schedule of copayment or other applicable charge in effect upon the effective date of termination of the contract.

F. Any amendment to these foregoing provisions of the contract must be submitted to and be approved by the commissioner prior to becoming effective.

Section 18. Protection Against Insolvency; Deposit

A. (1) Except as approved in accordance with Subsection D of this section, each prepaid limited health service organization shall at all times have and maintain tangible net equity equal to the greater of:

(a) $50,000; or

(b) Two percent (2%) of the organizaz ar (t)-4.8 ( )-5-; (t)P /MCIin TD[(eq)-0.6 (u)-0.6 (a)--4 (m

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(4) The deposit shall be used to protect the interests of the prepaid limited health service organization's enrollees and to assure continuation of limited health care services to enrollees of a prepaid limited health service organization that is in rehabilitation or conservation. If a prepaid limited health service organization is placed in receivership or liquidation, the deposit shall be an asset subject to provisions of the liquidation act.

(5) The commissioner may reduce or eliminate the deposit requirement if the prepaid limited health service organization has made an acceptable deposit with the stat.8 (e)0.8774j0.2

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Section 23. Rehabilitation, Conservation or Liquidation

A. Any rehabilitation, conservation or liquidation of a prepaid limited health service organization shall be deemed to be the rehabilitation, conservation or liquidation of an insurance company and shall be conducted pursuant to [insert citations to statutory sections governing the rehabilitation, liquidation or conservation of insurance companies].

B. A prepaid limited health service organization shall not be subject to the laws and regulations governing insurance insolvency guaranty funds, nor shall any insurance insolvency guaranty fund provide protection to individuals entitled to receive limited health services from a prepaid limited health service organization.

Section 24. Fees

Every prepaid limited health service organization subject to this Act shall pay to the commissioner the following fees:

A. For filing an application for a certificate of authority or ame.002 Tc T-T.9 (m)1.2 (e)0.7-1 (o)-3.1 (t)1.7 (h)-5.1
eT-T.8 (p)-0.6 (er)-1.7 (s)-3.4 (o)-4.1 (n)-6.1 (.o)-4.1 (r)-1.8 (f)-2.9 (r)-1.7 (o)-4.1 (mT-T.2 (a)-2.9 (p)-0.6 (r)-1.8 (o)-4 (v)-2.6 (i)-7 (d)-0.6 (e
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thereof; or

In t t even.1-(t)1 of claim or litigation wherein t t.data or inforationT-T.9 (i)-6 (s)-2.5 (r)-0.7 (e)0.7 (le)0.7 (v)-1.5 (a)-1.9 (nt)1.7 (.)-4.8 ( )]
or applicant, a prepaid limited healt tervice organization shall be e.0-5 (t)1.6 (it)1.7 (le)-4.8 (d)0.5 ( )-T.5 (t)1.6 (o)-3 (c)-3.2 (l)-6 (a)-1.9 (i
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C. In addition, any information provided to the commissioner that consti

Section 26. Taxes

The same [tax/tax rates] provided for in [insert citation to state's health maintenance organization act] shall be imposed upon each prepaid limited health service organization, and the organization also shall be entitled to the i13.807

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[nd] Quarter Guideline Amendments are highlighted in grey.

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Section 18.

which do not meet the prepaid limited health service organization definition, may provide limited health services on a per capita or fixed prepayment basis by fulfilling the requirements of Section 8 of this Act.

Each state should consider whether the repeal of existing statutes governing single health care service organizations, *e.g.*, for-profit dental plan organization statutes, nonprofit dental service corporation statutes, vision care statutes, will advance the purpose of this Act in its own jurisdiction.

This Act is designed to operate in conjunction with other state laws that establish standards for the regulation of health plans, such as, [insert state law equivalent to the Managed Care Plan Network Adequacy Model Act, the Quality Assessment and Improvement Model Act, the Health Care Professional Credentialing Verification Model Act, the Utilization Review Model Act, the Health Carrier Grievance Procedure Model Act, the Health Information Privacy Model Act, the Unfair Trade Practices Model Act, the Unfair Claims Settlement Practices Model Act, the Insurance Holding Company System Regulatory Act, and the Risk-Based Capital (RBC) for Health Organizations Model Act.

Section 3. Definitions

As used in this Act, unless otherwise defined in this Act:

A. "Commissioner" means the Commissioner of Insurance.

Drafting Note

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(b) An entity that meets the requirements of Section 8 of this Act; or

(c) A provider or entity when providing or arranging for the provision of limited health services pursuant to a contract with a prepaid limited health service organization or with an entity described in Subpi (0)2.6 (fo)4.2 (rra0)2.6 (ha)-6.1 (t)-3.3 h

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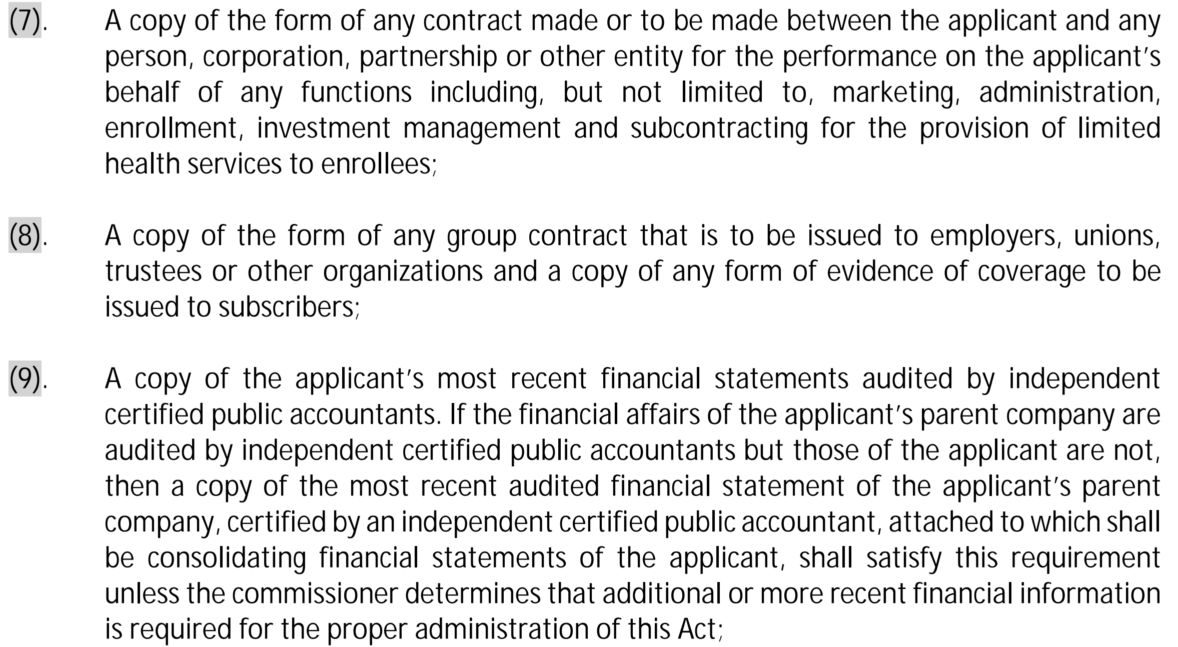

(7). A copy of the form of any contract made or to be made between the applicant and any person, corporation, partnership or other entity for the performance on the applicant's behalf of any functions including, but not limited to, marketing, administration, enrollment, investment management and subcontracting for the provision of limited health services to enrollees;

(8). A copy of the form of any group contract that is to be issued to employers, unions, trustees or other organizations and a copy of any form of evidence of coverage to be issued to subscribers;

(9). A copy of the applicant's most recent financial statements audited by independent certified public accountants. If the financial affairs of the applicant's parent company are audited by independent certified public accountants but those of the applicant are not, then a copy of the most recent audited financial statement of the applicant's parent company, certified by an independent certified public accountant, attached to which shall be consolidating financial statements of the applicant, shall satisfy this requirement unless the commissioner determines that additional or more recent financial information is required for the proper administration of this Act;

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to the laws of this state to offer limited health services on a per capita or fixed prepayment basis may do so by filing for approval with the commissioner the information requested by Paragraphs (4), (5), (7), (8), (10), (11), (12) and (15) of Section 5B and any subsequent material modification

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B. Any amendment to the evidence of coverage may be provided to the subscriber in a separate document.

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B. No provider, agent, trustee or assignee thereof may maintain an action at law or attempt to collect from the enrollee sums owed to the provider by the prepaid limited health service organization.

C. These provisions do not prohibit collection of uncovered charges consented to by enrollees or collection of copayments from enrollees.

D. These provisions shall survive the termination of the contract, regardless of the reason giving rise to termination.

E. Termination of the contract shall not release the provider from completing procedures in progress

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Section 20. Officers and Employees Fidelity Bond

A. A prepaid limited health service organization shall maintain in force a fidelity bond in its own name on its officers and employees in an amount not less than [$20,000,000] or in any other amount prescribed by the commissioner. Except as otherwise provided by this subsection, the bond must be issued by an insurance company that is licensed to do business in this state or, if

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(1)

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A. Issue and cause to be served upon the organization, person, or entity charged with the violation a copy of the findings and an order requiring the organization, person or entity to cease and desist from engaging in the act or practice that constitutes the violation; and

B. Impose a monetary penalty of not more than $1,000 for each violation, but not to exceed an aggregate penalty of $10,000.

Section 24. Rehabilitation, Conservation or Liquidation

A.

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B. With respect to any information pertaining to the diagnosis, treatment or health of any enrollee or applicant, a prepaid limited health service organization shall be entitled to claim any statutory privileges against disclosure that the provider who furnished the information to the prepaid limited health service organization is entitled to claim.

C. In addition, any information provided to the commissioner that constitutes a trade secret, is privileged information, or is part of a department investigation or examination shall be held in confidence.

Section 27. Taxes

The same [tax/tax rates] provided for in [insert citation to state's health maintenance organization act] shall be imposed upon each prepaid limited health service organization, and the organization also shall be entitled to the same tax deductions, reductions, abatements and credits that health maintenance organizations are entitled to receive.

Drafting Note: The bracketed language in the first sentence of this section acknowledges that there may be different types of health maintenance organization taxes. Each state should review the applicability and appropriateness of extending any health maintenance organization taxes or tax rates that are in place to prepaid limited health service organizations. This review should consider: (1) the goals of, and reasoning for, the health maintenance organization taxes; (2) the significantly lower average per enrollee revenue of prepaid limited health service organizations as compared with that of health maintenance organizations; and (3) the applicability of equivalent health maintenance organization deductions, reductions, abatements and credits to prepaid limited health service organizations.

Section 28. Severability

If any section, term

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