
DIGEST

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Thierry

HB No. 1057

Abstract: Defines health organizations, changes the formula for determining risk-based capital for health organizations, and clarifies what constitutes a company-action level event.

Present law provides for regulation of health maintenance organizations.

Proposed law deletes "maintenance" from the title of the Subpart and provides an expanded definition of health organizations subject to regulation.

Present law provides that "authorized-control level risk-based capital" means the product of 1.25 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

Proposed law changes present law to provide that "authorized-control level risk-based capital" means the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

Present law provides that "mandatory-control level risk-based capital" is the product of ninety-five hundredths (.95) and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

Proposed law changes present law to require the use of seventy hundredths (.70) in the formula to determine mandatory-control risk-based capital.

Present law provides that one instance of "company-action level event" means the filing of a risk-based capital report by a health organization that indicates that the health organization's total adjusted capital is greater than or equal to its regulatory action level risk-based capital but less than its company-action level risk-based capital.

Proposed law clarifies that a "company-action level event" means if a health organization has total adjusted capital which is greater than or equal to its company-action level risk-based capital but less than the product of its authorized-control level risk-based capital and three, and triggers the trend test determined in accordance with the trend test calculation included in the health risk-based capital instructions.

Proposed law clarifies that the risk-based capital requirements are for health organizations that bear risk.

(Amends the heading of Subpart D of Part III of Chapter 2 of Title 22 of the La. Revised Statutes of 1950 and R.S. 22:631(intro. para.), (4), and (6)(c) and (d) and 634(A)(1))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Insurance to the original bill.

1. Clarified that the risk-based capital requirements are for health organizations that bear risk.