Regular Session, 2014

#### HOUSE BILL NO. 1057

#### BY REPRESENTATIVE THIERRY

1	AN ACT
2	To amend and reenact the heading of Subpart D of Part III of Chapter 2 of Title 22 of the
3	Louisiana Revised Statutes of 1950, R.S. 22:631(introductory paragraph), (4), and
4	(6)(c) and (d) and 634(A)(1), relative to risk-based capital for health organizations;
5	to define "health organization"; to amend certain formulas to determine risk-based
6	capital; to define a "company-action level event"; and to provide for related matters.
7	Be it enacted by the Legislature of Louisiana:
8	Section 1. The heading of Subpart D of Part III of Chapter 2 of Title 22 of the
9	Louisiana Revised Statutes of 1950 and R.S. 22:631(introductory paragraph), (4), and (6)(c)
10	and (d) and 634(A)(1) are hereby amended and reenacted to read as follows:
11	SUBPART D. RISK-BASED CAPITAL FOR HEALTH
12	MAINTENANCE ORGANIZATIONS
13	§631. Definitions
14	As used in this Subpart, these terms shall have the following meanings:
15	* * *
16	(4) "Health organization" means a health maintenance organization licensed
17	under Subpart I of Part I of this Chapter., a limited health service organization which
18	bears risk, dental or vision plan which bears risk, hospital, medical and dental
19	indemnity or service corporation which bears risk, provider-sponsored organization
20	which bears risk, or other risk-bearing managed care organization licensed under this
21	Title. "Health organization" shall not include an organization that is licensed as
22	either a life, health and accident, or property and casualty insurer under this Title and
23	that is otherwise subject to either the life or property and casualty risk-based capital
24	requirements.
25	* * *

# Page 1 of 2

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

#### **ENROLLED**

1	(6) "Risk-based capital level" means a health organization's company-action
2	level risk-based capital, regulatory-action level risk-based capital, authorized-control
3	level risk-based capital, or mandatory-control level risk-based capital where:
4	* * *
5	(c) "Authorized-control level risk-based capital" means the product of one
6	and one quarter and the number determined under the risk-based capital formula in
7	accordance with the risk-based capital instructions.
8	(d) "Mandatory-control level risk-based capital" means the product of
9	ninety-five seventy hundredths and the number determined under the risk-based
10	capital formula in accordance with the risk-based capital instructions.
11	* * *
12	§634. Company-action level event
13	A. A "company-action level event" means any of the following:
14	(1) The filing of a risk-based capital report by a health organization that
15	indicates that the health organization's total adjusted capital is greater than or equal
16	to its regulatory action level risk-based capital but less than its company-action level
17	risk-based capital. If a health organization has total adjusted capital which is greater
18	than or equal to its company-action level risk-based capital but less than the product
19	of its authorized-control level risk-based capital and three, and triggers the trend test
20	determined in accordance with the trend test calculation included in the health
21	risk-based capital instructions.
22	* * *

### SPEAKER OF THE HOUSE OF REPRESENTATIVES

# PRESIDENT OF THE SENATE

## GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_

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