

ACT No. 220

Regular Session, 2014

HOUSE BILL NO. 1057

BY REPRESENTATIVE THIERRY

AN ACT

To amend and reenact the heading of Subpart D of Part III of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950, R.S. 22:631(introductory paragraph), (4), and (6)(c) and (d) and 634(A)(1), relative to risk-based capital for health organizations; to define "health organization"; to amend certain formulas to determine risk-based capital; to define a "company-action level event"; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. The heading of Subpart D of Part III of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950 and R.S. 22:631(introductory paragraph), (4), and (6)(c) and (d) and 634(A)(1) are hereby amended and reenacted to read as follows:

SUBPART D. RISK-BASED CAPITAL FOR HEALTH

~~MAINTENANCE~~ ORGANIZATIONS

§631. Definitions

As used in this Subpart, these terms ~~shall~~ have the following meanings:

* * *

(4) "Health organization" means a health maintenance organization licensed under Subpart I of Part I of this Chapter, a limited health service organization which bears risk, dental or vision plan which bears risk, hospital, medical and dental indemnity or service corporation which bears risk, provider-sponsored organization which bears risk, or other risk-bearing managed care organization licensed under this Title. "Health organization" shall not include an organization that is licensed as either a life, health and accident, or property and casualty insurer under this Title and that is otherwise subject to either the life or property and casualty risk-based capital requirements.

* * *

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: _____