Regular Session, 2012

HOUSE BILL NO. 150

BY REPRESENTATIVE RITCHIE

INSURANCE/HMO: Clarifies the minimum capital and surplus requirements for health maintenance organizations

AN ACT

To amend and reenact R.S. 22:254(C), relative to health maintenance organizations; to clarify the minimum required capital and surplus for each such entity; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:254(C) is hereby amended and reenacted to read as follows:

§254. Protection against insolvency

* * *

C. Each health maintenance organization shall establish prior to the issuance of any certificate of authority, and shall maintain as long as it does business in Louisiana as a health maintenance organization, ~~the following~~ capital and surplus ~~requirements:~~ in the amount of three million dollars.

~~(1) For each health maintenance organization which, by July 1, 1995, has not filed its application for a certificate of authority with the commissioner as required by law, a minimum of the greater of three million dollars or the amounts required by Subpart D of Part III of this Chapter, R.S. 22:631 et seq. The million dollar deposit required pursuant to Subsection A of this Section shall apply as a part of this minimum requirement.~~

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~~(2) For each health maintenance organization which, by July 1, 1995, has filed its application for a certificate of authority with the commissioner as required by law, the minimum capital and surplus shall be:~~

~~(i) Eight hundred thousand dollars by July 1, 1996.~~

~~(ii) One million five hundred thousand dollars by July 1, 1997.~~

~~(iii) Two million dollars by July 1, 1998.~~

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Ritchie HB No. 150

Abstract: Clarifies the minimum required capital and surplus for health maintenance organizations (HMO).

Present law requires each HMO to maintain, as long as it does business in this state, certain minimum capital and surplus based on a graduated scale, ranging from $800,000 to $3 million, over a certain time period (1995-1998).

Proposed law deletes the graduated scale of minimum capital and surplus requirements contained in present law, as such time period has elapsed, and instead clarifies that the minimum capital and surplus required of each HMO is $3 million.

(Amends R.S. 22:254(C))

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