

# VIRGINIA ACTS OF ASSEMBLY -- 2000 SESSION

## CHAPTER 753

*An Act to amend and reenact § 38.2-4301 of the Code of Virginia, relating to establishment of health maintenance organizations.*

[H 1211]

Approved April 8, 2000

**Be it enacted by the General Assembly of Virginia:**

**1. That § 38.2-4301 of the Code of Virginia is amended and reenacted as follows:**

§ 38.2-4301. Establishment of health maintenance organizations.

A. No person shall establish or operate a health maintenance organization in this Commonwealth without obtaining a license from the Commission. Any person, including a foreign corporation, may apply to the Commission for a license to establish and operate a health maintenance organization in compliance with this chapter.

B. Each application for a license shall be verified by an officer or authorized representative of the applicant, shall be in a form prescribed by the Commission, and shall set forth or be accompanied by the following:

1. A copy of any basic organizational document of the applicant including, but not limited to, the articles of incorporation, articles of association, partnership agreement, trust agreement, or other applicable documents, and all amendments to those documents;

2. A copy of the bylaws, rules and regulations, or any similar document regulating the conduct of the internal affairs of the applicant;

3. A list of the names, addresses, and official positions of each member of the governing body, and a full disclosure in the application of (i) any financial interest between any officer or member of the governing body or any provider, organization or corporation owned or controlled by such person and the health maintenance organization; and (ii) the extent and nature of the financial arrangements between such persons and the health maintenance organization;

4. A copy of any contract made or to be made between any providers, sponsors or organizers of the health maintenance organization, or persons listed in subdivision 3 of this subsection and the applicant;

5. A copy of the evidence of coverage form to be issued to subscribers;

6. A copy of any group contract form that is to be issued to employers, unions, trustees, or other organizations. All group contracts shall set forth the right of subscribers to convert their coverages to an individual contract issued by the health maintenance organization;

7. Financial statements showing the applicant's assets, liabilities, and sources of financial support or, if the applicant's financial affairs are audited by independent certified public accountants, a copy of the applicant's most recent regular certified financial statement unless the Commission directs that additional or more recent financial information is required for the proper administration of this chapter;

8. A complete description of the health maintenance organization and its method of operation, including (i) the method of marketing the plan, (ii) a financial plan that includes a three-year projection of the anticipated initial operating results, (iii) a statement regarding the sources of working capital as well as any other sources of funding, and (iv) a description of any insurance, reinsurance or alternative coverage arrangements proposed;

9. A description of the mechanism by which enrollees will be given an opportunity to participate in matters of policy and operation as provided in subsection B of § 38.2-4304; and

10. Any other information the Commission may require to make the determinations required pursuant to § 38.2-4302.

C. *Notwithstanding any other provision of this title, no license shall be required of a health maintenance organization duly licensed in a state contiguous to this Commonwealth that contracts on a limited basis with health care providers in this Commonwealth for the provision of health care services to enrollees covered under a group contract neither delivered nor issued for delivery in this Commonwealth, provided that:*

1. *The number of Virginia residents receiving such health care services shall not exceed 500 enrollees of such health maintenance organization; and*

2. *The contracts with such providers shall contain a hold harmless clause that is not less favorable in any respect to any enrollee that is a Virginia resident than the "hold harmless clause" set forth in subdivision C 9 of § 38.2-5805.*