

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact § 38.2-4310 of the Code of Virginia, relating to health maintenance organizations; insolvency.

[H 1807]

Approved

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-4310 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-4310. Protection against insolvency.

A. Each health maintenance organization shall deposit and maintain acceptable securities with the State Treasurer in amounts prescribed by § 38.2-4310.1. The deposit shall be held as a special fund in trust, as a guarantee that the obligations to the enrollees who are residents of this Commonwealth will be performed. The securities shall be deposited pursuant to a system of book-entry evidencing ownership interests of the securities with transfers of ownership interests effected on the records of a depository and its participants pursuant to rules and procedures established by the depository. Upon a determination of insolvency or action by the Commission pursuant to ~~§ 38.2-4317 Chapter 15~~ (§ 38.2-1500 *et seq.*), the deposit *shall be an asset subject to the provisions of Chapter 15 and* shall be used to protect the interests of the health maintenance organization's enrollees and to assure continuation of covered services to enrollees. ~~If a health maintenance organization is placed in receivership, the deposit shall be an asset subject to the provisions of Chapter 15 (§ 38.2-1500 et seq.) of this title 17 (§ 38.2-1700 et seq.).~~

B. The Commission may require that each health maintenance organization have a plan for handling insolvency which allows for continuation of benefits for the duration of the contract period for which premiums have been paid and continuation of benefits to members who are confined on the date of insolvency in an inpatient facility until their discharge or expiration of benefits. In considering such a plan, the Commission may require:

1. Insurance satisfactory in form and content to the Commission to cover the expenses to be paid for continued benefits after an insolvency;

2. Provisions in provider contracts that obligate the provider to provide services for the duration of the period after the health maintenance organization's insolvency for which premium payment has been made and until the enrollees' discharge from inpatient facilities;

3. Acceptable letters of credit; or

4. Any other arrangements to assure that benefits are continued as specified above.