

HOUSE BILL ANALYSIS

ON

HB 1979

Brief Description: *Providing for payment of health care providers in the event of a health insurer's insolvency.*

BACKGROUND: Health care service contractors (HCSCs) and health maintenance organizations (HMOs) provide health plans to enrolled individuals and employees (enrollees). These organizations are regulated by the Office of the Insurance Commissioner (OIC) and must comply with applicable statutes and rules, including solvency requirements. State law requires that health care providers who contract with HCSCs and HMOs agree not to seek payment from enrollees for services provided in the event the HCSC or the HMO becomes insolvent and does not pay the provider.

HMOs are required to maintain a funded reserve, on deposit with the OIC, of \$150,000 as an assurance that the obligations of the HMO to enrollees will be met.

SUMMARY: *Health Care Service Contractors and Health Maintenance Organizations must have a funded reserve on deposit with the Insurance Commissioner equal to one month's total premiums based on the most recently filed financial statement. The funded reserve is to be used to reimburse health care providers for the cost of products and services provided to enrollees in the the contractor or HMO becomes insolvent.*

Fiscal Note: *Not requested.*

Effective Date: *Ninety days after adjournment of session in which bill is passed.*

Rulemaking: *No specific authority.*