

FINAL BILL REPORT

SSB 5011

FULL VETO

As Passed Legislature

Brief Description: Changing the financial and reporting requirements of health care service contractors and health maintenance organizations.

Sponsors: Senate Committee on Financial Institutions, Insurance & Housing (originally sponsored by Senators Prentice and Winsley).

Senate Committee on Financial Institutions, Insurance & Housing
House Committee on Financial Institutions & Insurance

Background: Health care service contractors and health maintenance organizations are required to maintain a certain level of net worth. Those amounts currently are \$1,500,000 for health care service contractors and \$1 million for health maintenance organizations.

Limited health care service contractors are defined as providers who offer one health care service such as vision care, dental care, mental health services, or pharmaceutical services. Currently, limited health care service contractors are not required to maintain any particular net worth.

Summary: Limited health care service contractors must maintain a minimum net worth of \$300,000. Registered limited health care service contractors currently operating are allowed to meet this requirement incrementally by December 31, 1999.

Health care service contractors must maintain a net worth equal to \$3 million or 2 percent of annual premiums on the first \$150 million of premiums and 1 percent on the premium revenue in excess of that amount, whichever is greater.

Existing health care service contractors may meet this requirement in staged increments by December 31, 1999.

Health care service contractors must file financial statements annually with the Insurance Commissioner and the National Association of Insurance Commissioners.

Health maintenance organizations must maintain a minimum net worth equal to the greater of \$3 million or 2 percent of annual premiums on the first \$150 million of premiums and 1 percent on the premiums in excess of that amount. Existing health maintenance organizations are allowed to meet this requirement in staged increments by December 31, 1999.

Any HMO or HCSC that falls below the net worth requirements must solve the deficiency within 90 days after a deficiency notice from the Insurance Commissioner. If the deficiency is not made good, the contractor is deemed insolvent and may not issue any further individual or group contracts.

Votes on Final Passage:

Senate	47	0	
House	97	0	(House amended)
Senate	46	0	(Senate concurred)