

# SENATE BILL REPORT

## SB 6815

---

As of February 17, 2000

**Title:** An act relating to the application of the insurer holding company act to certified health plans, health care service contractors, and health maintenance organizations.

**Brief Description:** Expanding the application of the insurer holding company act.

**Sponsors:** Senator Prentice; by request of Insurance Commissioner.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/17/2000.

---

### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Staff:** Jonathan Seib (786-7427)

**Background:** Nonprofit corporations, including health carriers, are created under laws that require them to serve charitable or other public purposes. In return, federal and state laws accord them certain financial advantages such as tax exemption. Concern exists, however, that nonprofit carriers in this state are considering converting to for-profit status. Were this to occur, there would a public interest in assuring that the "public assets" built up by virtue of the corporation's nonprofit status were not converted to a private asset before the public was repaid.

Under the state's Insurer Holding Company Act, the Office of the Insurance Commissioner can oversee the transfer of the assets of property and casualty and life insurers. The act, however, does not apply to health care service contractors (HCSC) and health maintenance organizations (HMO). It is suggested that application of the act to these entities would allow the Insurance Commissioner to protect the public interest if a nonprofit HCSC or HMO converted to for-profit status.

**Summary of Bill:** Health care service contractors and health maintenance organizations are added to the definition of "insurer" for purposes of application of the Insurer Holding Company Act.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.