

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

# HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that Engrossed House Bill 458 be amended to read as follows:

- 1 Page 3, after line 19, begin a new paragraph and insert:
- 2 "SECTION 4. IC 27-13-2-3 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) A foreign
- 4 corporation, other than a foreign corporation defined under
- 5 IC 27-1-2-3, may obtain a certificate of authority if the foreign
- 6 corporation:
- 7 (1) is authorized to do business in Indiana under IC 23-1-49 or
- 8 IC 23-17-26; and
- 9 (2) complies with this article.
- 10 (b) A foreign corporation (as defined in IC 27-1-2-3) may obtain a
- 11 certificate of authority if the foreign corporation complies with this
- 12 article.
- 13 **(c) A foreign or alien health maintenance organization granted**
- 14 **a certificate of authority under this section has the same but not**
- 15 **greater rights and privileges than a domestic health maintenance**
- 16 **organization.**
- 17 SECTION 5. IC 27-13-2-6 IS AMENDED TO READ AS
- 18 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. (a) An applicant
- 19 shall submit to the commissioner any modifications or amendments to
- 20 the items of information required in an application under section 5 of
- 21 this chapter.
- 22 (b) The commissioner may adopt rules under this section that
- 23 provide that any modifications or amendments to the items of
- 24 information in the application required of a health maintenance

1 organization:

2 (1) must be submitted to the commissioner before the  
3 modification or amendment takes effect:

4 (A) for the approval of the commissioner; or

5 (B) for the information of the commissioner only; or

6 (2) must be indicated by the health maintenance organization to  
7 the commissioner at the time of the next succeeding site visit or  
8 examination of the organization by the department of insurance.

9 **(c) A health maintenance organization shall file any assumed  
10 corporate name with the department at least thirty (30) days  
11 before assuming the name.**

12 SECTION 6. IC 27-13-2-9 IS ADDED TO THE INDIANA CODE  
13 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
14 1, 1999]: **Sec. 9. (a) A health maintenance organization established  
15 under this article may not:**

16 **(1) use as a part of its corporate name the words "United  
17 States," "Federal," "government," "official," or any word  
18 that would imply that the company was an administrative  
19 agency of the state of Indiana or of the United States or is  
20 subject to supervision of any department other than the  
21 department of insurance; or**

22 **(2) take or assume a corporate name the same as, or  
23 confusingly similar to, an existing name of another insurance  
24 company or other entity licensed or regulated under IC 27  
25 unless at the same time:**

26 **(A) the other company changes its corporate name or  
27 withdraws from transacting business in Indiana; and**

28 **(B) the written consent of the other company, signed and  
29 verified under oath by its secretary, is filed with the  
30 department.**

31 **(b) This section does not affect the right of any health  
32 maintenance organization that:**

33 **(1) is existing under the laws of Indiana as of July 1, 1999;**

34 **(2) is existing under the laws of Indiana as of July 1, 1999, and  
35 thereafter reorganizes or reincorporates under this article; or**

36 **(3) is authorized to transact business in Indiana as of July 1,  
37 1999;**

38 **to continue the use of its corporate name.**

39 SECTION 7. IC 27-13-4-1 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 1. (a) Subject to section  
41 3 of this chapter, the powers of a health maintenance organization  
42 include the following:**

43 **(1) The purchase, lease, construction, renovation, operation, or  
44 maintenance of:**

45 **(A) hospitals and medical facilities;**

46 **(B) equipment for hospitals and medical facilities; and**

- 1 (C) other property reasonably required for the principal office  
 2 of the health maintenance organization or for purposes  
 3 necessary in the transaction of the business of the organization.
- 4 (2) Engaging in transactions between affiliated entities, including  
 5 loans and the transfer of responsibility under any or all contracts:  
 6 (A) between affiliates; or  
 7 (B) between the health maintenance organization and the  
 8 parent organization of the health maintenance organization.
- 9 (3) The furnishing of health care services through:  
 10 (A) providers;  
 11 (B) provider associations; and  
 12 (C) agents for providers;  
 13 who are under contract with or are employed by the health  
 14 maintenance organization. The contracts with providers, provider  
 15 associations, or agents of providers may include fee for service,  
 16 cost plus, capitation, or other payment or risk-sharing  
 17 arrangements.
- 18 (4) Contracting with any person for the performance on behalf of  
 19 the health maintenance organization of certain functions,  
 20 including:  
 21 (A) marketing;  
 22 (B) enrollment; and  
 23 (C) administration.
- 24 (5) Contracting with:  
 25 (A) an insurance company licensed in Indiana;  
 26 (B) an authorized reinsurer; or  
 27 (C) a hospital authorized to conduct business in Indiana;  
 28 for the provision of insurance, indemnity, or reimbursement  
 29 against the cost of health care services provided by the health  
 30 maintenance organization.
- 31 (6) The offering of point-of-service products.
- 32 (7) The joint marketing of products with:  
 33 (A) an insurance company that is licensed in Indiana; or  
 34 (B) a hospital that is authorized to conduct business in Indiana;  
 35 if the company that is offering each product is clearly identified.
- 36 (8) Administration of the provision of health care services at the  
 37 expense of a self-funded plan.
- 38 (b) A health maintenance organization may offer any of the  
 39 following:  
 40 (1) Plans that include only basic health care services.  
 41 (2) Plans that include basic health care services and other health  
 42 care services.  
 43 (3) Plans that include health care services other than basic health  
 44 care services so long as at least one (1) of the plans offered by the  
 45 health maintenance organization includes basic health care  
 46 services.

1           (c) **Notwithstanding subsection (a)(5), a health maintenance**  
 2 **organization may not:**

3           (1) **assume reinsurance; or**

4           (2) **take credit for reinsurance unless the risk is ceded to a**  
 5 **reinsurer qualified under IC 27-6-10.**

6           SECTION 8. IC 27-13-4-3 IS AMENDED TO READ AS  
 7 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) A **domestic**  
 8 health maintenance organization must file notice with the  
 9 commissioner, with supporting information that the commissioner  
 10 deems adequate, before exercising any power granted in:

11           (1) section 1(a)(1); or

12           (2) section 1(a)(4);

13 of this chapter if the proposed transaction is equal to or greater than ten  
 14 percent (10%) of the health maintenance organization's admitted assets.

15           (b) A **domestic** health maintenance organization must file notice  
 16 with the commissioner, with the supporting information that the  
 17 commissioner deems adequate, before exercising any power granted in  
 18 section 1(a)(2), if the proposed transaction is equal to or greater than  
 19 three percent (3%) of the health maintenance organization's admitted  
 20 assets.

21           (c) The commissioner may disapprove an exercise of power referred  
 22 to in a notice received under subsection (a) or (b) only if, in the opinion  
 23 of the commissioner, the exercise of the power would:

24           (1) substantially and adversely affect the financial soundness of  
 25 the health maintenance organization; and

26           (2) endanger the ability of the health maintenance organization to  
 27 meet its obligations.

28           (d) If the commissioner does not disapprove an exercise of power  
 29 referred to in a notice received under subsection (a) or (b) within thirty  
 30 (30) days after the notice is filed with the commissioner, the exercise  
 31 of power is considered approved.

32           (e) The commissioner may adopt rules under IC 4-22-2 exempting  
 33 from the filing requirement of this section certain activities that have  
 34 a minimal effect on:

35           (1) the financial soundness of the health maintenance  
 36 organization; and

37           (2) the ability of the health maintenance organization to meet its  
 38 obligations.

39           SECTION 9. IC 27-13-4-4 IS ADDED TO THE INDIANA CODE  
 40 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY  
 41 1, 1999]: **Sec. 4. (a) For purposes of subsection (b)(2), an**  
 42 **"extraordinary dividend or distribution" is any dividend or**  
 43 **distribution of cash or other property whose fair market value,**  
 44 **together with that of other dividends or distributions made within**  
 45 **the twelve (12) consecutive months ending on the date on which the**  
 46 **proposed dividend or distribution is scheduled to be made, exceeds**

- 1       **the greater of:**
- 2           **(1) ten percent (10%) of the health maintenance**
- 3           **organization's net worth as reported on the most recent**
- 4           **annual financial statement filed with the commissioner; or**
- 5           **(2) the net gain from operations of the health maintenance**
- 6           **organization or the net income as reported on the most recent**
- 7           **annual financial statement filed with the commissioner.**
- 8       **(b) A domestic health maintenance organization may not:**
- 9           **(1) declare or pay a dividend from any source of money other**
- 10          **than retained earnings unless the commissioner approves the**
- 11          **payment of the dividend before the dividend is paid; or**
- 12          **(2) pay an extraordinary dividend or make any other**
- 13          **extraordinary distribution to its security holders until:**
- 14               **(A) thirty (30) days after the commissioner has received**
- 15               **notice of the declaration of the dividend or distribution and**
- 16               **has not within that period disapproved such payment; or**
- 17               **(B) the commissioner has approved such payment within**
- 18               **the thirty (30) day period.**
- 19       **(c) Notwithstanding any other provision of law, a domestic**
- 20       **health maintenance organization may declare an extraordinary**
- 21       **dividend or distribution that is conditional upon the**
- 22       **commissioner's approval, but such a declaration does not confer**
- 23       **rights upon shareholders until:**
- 24               **(1) the commissioner has approved the payment of the**
- 25               **dividend or distribution; or**
- 26               **(2) the commissioner has not disapproved the payment within**
- 27               **the thirty (30) day period referred to in subsection (b)(2).**
- 28       **(d) The commissioner may not approve a payment under this**
- 29       **section if, in the opinion of the commissioner, the payment would**
- 30       **substantially and adversely affect the financial soundness of the**
- 31       **health maintenance organization and endanger the ability of the**
- 32       **health maintenance organization to meet its obligations.**
- 33       SECTION 10. IC 27-13-8-1 IS AMENDED TO READ AS
- 34       FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. **(a)** On or before
- 35       March 1 of each year, a health maintenance organization must file with
- 36       the commissioner a report that covers the preceding calendar year. The
- 37       report must be:
- 38               **(1) made on forms prescribed by the commissioner; and**
- 39               **(2) verified by at least two (2) principal officers of the health**
- 40               **maintenance organization.**
- 41       **(b) Beginning with the annual report covering the period**
- 42       **January 1, 1999, through December 31, 1999, a health maintenance**
- 43       **organization shall provide an actuarial opinion as an additional**
- 44       **part of the annual financial statement required under subsection**
- 45       **(a). The form and content of the actuarial opinion must comply**
- 46       **with the National Association of Insurance Commissioners Annual**

1 **Statement Instructions.**

2 (c) **The commissioner may adopt rules under IC 4-22-2**  
 3 **establishing minimum qualifications of an actuary providing the**  
 4 **actuarial opinion required under subsection (b).**

5 SECTION 11. IC 27-13-8-1.5 IS ADDED TO THE INDIANA  
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 7 [EFFECTIVE JULY 1, 1999]: **Sec. 1.5. (a) Each health maintenance**  
 8 **organization authorized to conduct business in Indiana and**  
 9 **required to file an annual statement with the department under**  
 10 **this chapter shall submit the health maintenance organization's**  
 11 **statement on the National Association of Insurance Commissioners**  
 12 **(NAIC) Annual Statement Blank prepared in accordance with**  
 13 **NAIC Annual Statement Instructions, and following practices and**  
 14 **procedures prescribed by the most recent NAIC Accounting**  
 15 **Practices and Procedures Manual.**

16 (b) **To the extent that the NAIC Annual Statement Instructions**  
 17 **require disclosure under subsection (a) of compensation paid to or**  
 18 **on behalf of a health maintenance organization's officers, directors,**  
 19 **or employees, the information may be filed with the department as**  
 20 **an exhibit separate from the annual statement blank. The**  
 21 **compensation information described under this subsection shall be**  
 22 **maintained by the department as confidential and may not be**  
 23 **made public.**

24 SECTION 12. IC 27-13-8-2 (CURRENT VERSION) IS AMENDED  
 25 TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 2. (a) In**  
 26 **addition to the report required by section 1 of this chapter, a health**  
 27 **maintenance organization shall each year file with the commissioner**  
 28 **the following:**

29 (1) **Audited financial statements of the health maintenance**  
 30 **organization for the preceding calendar year prepared in**  
 31 **conformity with statutory accounting practices prescribed or**  
 32 **otherwise permitted by the department.**

33 (2) **A list of participating providers who provide health care**  
 34 **services to enrollees or subscribers of the health maintenance**  
 35 **organization.**

36 (3) **A description of the grievance procedure of the health**  
 37 **maintenance organization, the total number of grievances handled**  
 38 **through the procedure during the preceding calendar year, a**  
 39 **compilation of the causes underlying those grievances, and a**  
 40 **summary of the final disposition of those grievances.**

41 (b) **The information required by subsection (a)(2) and (a)(3) must**  
 42 **be filed with the commissioner on or before March 1 of each year. The**  
 43 **audited financial statements required by subsection (a)(1) must be filed**  
 44 **with the commissioner on or before June 1 of each year. The**  
 45 **commissioner shall:**

46 (1) **make the information required to be filed under this section**

- 1 available to the public; and
- 2 (2) prepare an annual compilation of the data required under
- 3 subsection (a)(3) that allows for comparative analysis.
- 4 (c) **Upon a determination by a health maintenance**
- 5 **organization's auditor that the health maintenance organization:**
- 6 (1) **fails to meet the criteria of:**
- 7 (A) **IC 27-13-12-3; or**
- 8 (B) **IC 27-13-34-16 if the health maintenance organization**
- 9 **is a limited service health maintenance organization; or**
- 10 (2) **meets the criteria of:**
- 11 (A) **IC 27-13-24-1(a)(5); or**
- 12 (B) **IC 27-13-34-20(a)(4) if the health maintenance**
- 13 **organization is a limited service health maintenance**
- 14 **organization;**
- 15 **the health maintenance organization shall notify the commissioner**
- 16 **within five (5) business days of the auditor's determination.**
- 17 (d) The commissioner may require any additional reports as are
- 18 necessary and appropriate for the commissioner to carry out the
- 19 commissioner's duties under this article.
- 20 SECTION 13. IC 27-13-8-2 (DELAYED VERSION) IS
- 21 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]:
- 22 Sec. 2. (a) In addition to the report required by section 1 of this chapter,
- 23 a health maintenance organization shall each year file with the
- 24 commissioner the following:
- 25 (1) Audited financial statements of the health maintenance
- 26 organization for the preceding calendar year **prepared in**
- 27 **conformity with statutory accounting practices prescribed or**
- 28 **otherwise permitted by the department.**
- 29 (2) A list of participating providers who provide health care
- 30 services to enrollees or subscribers of the health maintenance
- 31 organization.
- 32 (3) A description of the grievance procedure of the health
- 33 maintenance organization, the total number of grievances handled
- 34 through the procedure during the preceding calendar year, a
- 35 compilation of the causes underlying those grievances, and a
- 36 summary of the final disposition of those grievances.
- 37 (4) The percentage of providers credentialed by the health
- 38 maintenance organization according to the most current standards
- 39 or guidelines, if any, developed by the National Committee on
- 40 Quality Assurance or a successor organization.
- 41 (5) The health maintenance organization's Health Plan Employer
- 42 Data and Information Set (HEDIS) data.
- 43 (b) The information required by subsection (a)(2) through (a)(4)
- 44 must be filed with the commissioner on or before March 1 of each year.
- 45 The audited financial statements required by subsection (a)(1) must be
- 46 filed with the commissioner on or before June 1 of each year. The

1 health maintenance organization's HEDIS data required by subsection  
 2 (a)(5) must be filed with the commissioner on or before July 1 of each  
 3 year. The commissioner shall:

- 4 (1) make the information required to be filed under this section  
 5 available to the public; and  
 6 (2) prepare an annual compilation of the data required under  
 7 subsection (a)(3) through (a)(5) that allows for comparative  
 8 analysis.

9 (c) **Upon a determination by a health maintenance**  
 10 **organization's auditor that the health maintenance organization:**

11 (1) **fails to meet the criteria of:**

12 (A) **IC 27-13-12-3; or**

13 (B) **IC 27-13-34-16 if the health maintenance organization**  
 14 **is a limited service health maintenance organization; or**

15 (2) **meets the criteria of:**

16 (A) **IC 27-13-24-1(a)(5); or**

17 (B) **IC 27-13-34-20(a)(4) if the health maintenance**  
 18 **organization is a limited service health maintenance**  
 19 **organization;**

20 **the health maintenance organization shall notify the commissioner**  
 21 **within five (5) business days of the auditor's determination.**

22 (d) The commissioner may require any additional reports as are  
 23 necessary and appropriate for the commissioner to carry out the  
 24 commissioner's duties under this article.

25 SECTION 14. IC 27-13-8-4 IS ADDED TO THE INDIANA CODE  
 26 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
 27 1, 1999]: **Sec. 4. (a) This section applies to a domestic health**  
 28 **maintenance organization that is authorized to transact business**  
 29 **in Indiana.**

30 (b) **As used in this section, "NAIC" refers to the National**  
 31 **Association of Insurance Commissioners.**

32 (c) **On or before March 1 of each year, a health maintenance**  
 33 **organization shall file with the National Association of Insurance**  
 34 **Commissioners and with the department a copy of the health**  
 35 **maintenance organization's annual statement convention blank**  
 36 **and additional filings prescribed by the commissioner for the**  
 37 **preceding year. A health maintenance organization shall also file**  
 38 **quarterly statements with the NAIC and with the department on**  
 39 **or before May 15, August 15, and November 15 of each year in a**  
 40 **form prescribed by the commissioner. The information filed with**  
 41 **the NAIC under this subsection:**

42 (1) **must be:**

43 (A) **in the same format; and**

44 (B) **of the same scope;**

45 **as is required by the commissioner under section 1 of this**  
 46 **chapter;**

- 1           (2) to the extent required by the NAIC, must include the  
 2           signed jurat page and the actuarial certification; and  
 3           (3) must be filed electronically in accordance with NAIC  
 4           electronic filing specifications.

5           **The commissioner may, for good cause shown, grant an exemption**  
 6           **from the requirement of this section to domestic health**  
 7           **maintenance organizations that operate only in Indiana. If a health**  
 8           **maintenance organization files any amendment or addendum to**  
 9           **the health maintenance organization's annual statement**  
 10           **convention blank or quarterly statement with the commissioner,**  
 11           **the health maintenance organization shall also file a copy of the**  
 12           **amendment or addendum with the NAIC. Annual and quarterly**  
 13           **financial statements are considered filed with the NAIC when**  
 14           **delivered to the address designated by the NAIC for the filings,**  
 15           **regardless of whether the filing is accompanied by any applicable**  
 16           **fee.**

17           **(d) The commissioner may, for good cause shown, grant a health**  
 18           **maintenance organization an extension of time for the filing**  
 19           **required by subsection (c).**

20           **(e) In the absence of actual malice:**

- 21           **(1) members of the NAIC;**  
 22           **(2) duly authorized committees, subcommittees, and task**  
 23           **forces of members of the NAIC;**  
 24           **(3) delegates of members of the NAIC;**  
 25           **(4) employees of the NAIC; and**  
 26           **(5) other persons responsible for collecting, reviewing,**  
 27           **analyzing, and disseminating information developed from the**  
 28           **filing of annual statement convention blanks under this**  
 29           **section;**

30           **shall be considered to be acting as agents of the commissioner**  
 31           **under the authority of this section and are not subject to civil**  
 32           **liability for libel, slander, or any other cause of action by virtue of**  
 33           **the collection, review, analysis, or dissemination of the data and**  
 34           **information collected from the filings required by this section.**

35           **(f) The commissioner may suspend, revoke, or refuse to renew**  
 36           **the certificate of authority of a health maintenance organization**  
 37           **that fails to file the health maintenance organization's annual**  
 38           **statement convention blank or quarterly statements with the NAIC**  
 39           **or with the department within the time allowed by subsection (c)**  
 40           **or (d).**

41           **SECTION 15. IC 27-13-8-5 IS ADDED TO THE INDIANA CODE**  
 42           **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**  
 43           **1, 1999]: Sec. 5. (a) The commissioner may impose a civil penalty**  
 44           **of five hundred dollars (\$500) after notice and hearing under**  
 45           **IC 4-21.5-3 on a health maintenance organization that fails to file**  
 46           **an annual statement under this chapter. This subsection does not**

1 **apply to a health maintenance organization described in subsection**  
2 **(b).**

3 **(b) A domestic health maintenance organization that fails to file**  
4 **an audited annual financial statement under section 2(a)(1) of this**  
5 **chapter before June 1 of each year without obtaining an extension**  
6 **is subject to a civil penalty of fifty dollars (\$50) per day until the**  
7 **report is received by the commissioner."**

8 SECTION 16. IC 27-13-22-1 IS AMENDED TO READ AS  
9 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. (a) A licensed  
10 insurer or a hospital authorized to conduct business in Indiana may,  
11 ~~either directly or~~ through a subsidiary or an affiliate, organize and  
12 operate a health maintenance organization under this article.

13 **(b) This section does not apply to a health maintenance**  
14 **organization granted a certificate of authority under this article**  
15 **before July 1, 1999.**

16 SECTION 17. IC 27-13-23-8 IS ADDED TO THE INDIANA  
17 CODE AS A NEW CHAPTER TO READ AS FOLLOWS  
18 [EFFECTIVE JULY 1, 1999]: **Sec. 8. A health maintenance**  
19 **organization shall file a copy of any examination report filed by the**  
20 **insurance commissioner of another state during the preceding**  
21 **calendar year with the annual statement required under**  
22 **IC 27-13-8-1.**

23 SECTION 18. IC 27-13-32-1 IS AMENDED TO READ AS  
24 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) This section  
25 does not apply to a health maintenance organization or a limited service  
26 health maintenance organization that is a foreign corporation. ~~or is~~  
27 ~~owned by a foreign corporation.~~

28 (b) As used in this section, "foreign corporation" means a  
29 corporation organized or reorganized under the law of a state or  
30 jurisdiction other than Indiana.

31 (c) A person may not acquire control, as that term is defined in  
32 IC 27-1-23-1, of a health maintenance organization or a limited service  
33 health maintenance organization unless:

34 (1) that person complies with the requirements of IC 27-1-23-2;  
35 and

36 (2) the acquisition is approved by the commissioner under the  
37 procedure set forth in IC 27-1-23-2.

38 SECTION 19. IC 27-13-32.5 IS ADDED TO THE INDIANA  
39 CODE AS A NEW CHAPTER TO READ AS FOLLOWS  
40 [EFFECTIVE JULY 1, 1999]:

41 **Chapter 32.5. Voluntary Dissolution**

42 **Sec. 1. Upon authorization of voluntary dissolution by the board**  
43 **of directors and any shareholders entitled to vote in respect**  
44 **thereof, the board of directors shall:**

45 (1) **cause a notice that the health maintenance organization is**  
46 **about to be dissolved to be published at least once in a**

- 1 newspaper of general circulation, printed and published in the
- 2 English language, in the county in which the principal office
- 3 of the health maintenance organization is located, and at least
- 4 once in a newspaper of general circulation, printed and
- 5 published in the English language in the city of Indianapolis,
- 6 Marion County, Indiana;
- 7 (2) cause a copy of the publication under subdivision (1) to be
- 8 mailed to each enrollee;
- 9 (3) file a copy of the publication under subdivision (1) with the
- 10 department; and
- 11 (4) file a certified copy of the articles of dissolution with the
- 12 department, and present to the department the certificate of
- 13 authority issued or renewed under IC 27-13-3-1 for
- 14 cancellation. The department shall file the certified copy of
- 15 the articles of dissolution and shall cancel the certificate of
- 16 authority and endorse the cancellation on the certificate, and
- 17 return the canceled certificate of authority to the health
- 18 maintenance organization or its representatives.

19 **Sec. 2. The dissolution of any health maintenance organization**  
 20 **under this chapter does not alter the rights of an enrollee under**  
 21 **IC 27-13-7-13.**

22 SECTION 20. IC 27-13-34-7 IS AMENDED TO READ AS  
 23 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 7. (a) After December  
 24 31, 1994, a person, corporation, partnership, limited liability company,  
 25 or other entity may not operate a limited service health maintenance  
 26 organization in Indiana without obtaining and maintaining a certificate  
 27 of authority from the commissioner under this chapter.

28 (b) A for-profit or nonprofit corporation organized under the laws  
 29 of another state, other than a foreign corporation defined under  
 30 IC 27-1-2-3, may obtain a certificate of authority to operate a limited  
 31 service health maintenance organization in Indiana if the foreign  
 32 corporation is authorized to do business in Indiana under IC 23-1-49 or  
 33 IC 23-17-26 and complies with this chapter.

34 (c) A foreign corporation (as defined in IC 27-1-2-3) may obtain a  
 35 certificate of authority to operate a limited service health maintenance  
 36 organization in Indiana if the foreign corporation complies with this  
 37 chapter.

38 **(d) A foreign or alien limited service health maintenance**  
 39 **organization granted a certificate of authority under this chapter**  
 40 **has the same but not greater rights and privileges than a domestic**  
 41 **limited service health maintenance organization.**

42 SECTION 21. IC 27-13-34-12 IS AMENDED TO READ AS  
 43 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 12. A limited service  
 44 health maintenance organization operated under this chapter is subject  
 45 to the following:

- 46 (1) **IC 27-13-2-6 concerning amendments to certificate of**

- 1           **authority application.**  
2           **(2) IC 27-13-2-9 concerning corporate name.**  
3           **(3) IC 27-13-4-4 concerning payment of dividends.**  
4           **(4) IC 27-13-8, except for IC 27-13-8-2(a)(5) concerning reports.**  
5           ~~(2)~~ **(5) IC 27-13-10-1 through IC 27-13-10-3 concerning**  
6           grievance procedures.  
7           ~~(3)~~ **(6) IC 27-13-11 concerning investments.**  
8           ~~(4)~~ **(7) IC 27-13-15-1(a)(2) through IC 27-13-15-1(a)(3)**  
9           concerning gag clauses in contracts.  
10          ~~(5)~~ **(8) IC 27-13-21 concerning producers.**  
11          **(9) IC 27-13-22-1 concerning insurers and hospitals operating**  
12          **as health maintenance organizations.**  
13          **(10) IC 27-13-23-8 concerning examinations.**  
14          ~~(6)~~ **(11) IC 27-13-29 concerning statutory construction and**  
15          relationship to other laws.  
16          ~~(7)~~ **(12) IC 27-13-30 concerning public records.**  
17          ~~(8)~~ **(13) IC 27-13-31 concerning confidentiality of medical**  
18          information and limitation of liability.  
19          ~~(9)~~ **(14) IC 27-13-32.5 concerning voluntary dissolution.**  
20          **(15) IC 27-13-36-5 and IC 27-13-36-6 concerning referrals to out**  
21          of network providers and continuation of care.  
22          ~~(10)~~ **(16) IC 27-13-40 concerning comparison sheets of services**  
23          provided by the limited service health maintenance organization.  
24          SECTION 22. IC 27-13-34-19 IS AMENDED TO READ AS  
25          FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 19. (a) On or before  
26          March 1 of each year, a limited service health maintenance  
27          organization shall file with the commissioner a report that covers the  
28          preceding calendar year. The report must be:  
29                  (1) made on forms prescribed by the commissioner; and  
30                  (2) verified by at least two (2) principal officers of the limited  
31          service health maintenance organization.  
32                  (b) In addition to the report required by subsection (a), a limited  
33          service health maintenance organization shall file with the  
34          commissioner on or before June 1 of each year an audited financial  
35          statement of the limited service health maintenance organization for the  
36          preceding calendar year **prepared in conformity with statutory**  
37          **accounting practices prescribed or otherwise permitted by the**  
38          **department.**  
39                  (c) The commissioner may require any additional reports necessary  
40          to enable the commissioner to carry out the duties of the commissioner

41          under this chapter.

42          SECTION 23. **An emergency is declared for this act.** .  
(Reference is to ESB 458 as printed April 6, 1999.)

---

Representative Mahern