

IC 27-13-4

Chapter 4. Powers of Health Maintenance Organizations

IC 27-13-4-1

General powers

Sec. 1. (a) Subject to section 3 of this chapter, the powers of a health maintenance organization include the following:

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

- (A) hospitals and medical facilities;
- (B) equipment for hospitals and medical facilities; and
- (C) other property reasonably required for the principal office of the health maintenance organization or for purposes necessary in the transaction of the business of the organization.

(2) Engaging in transactions between affiliated entities, including loans and the transfer of responsibility under any or all contracts:

- (A) between affiliates; or
- (B) between the health maintenance organization and the parent organization of the health maintenance organization.

(3) The furnishing of health care services through:

- (A) providers;
- (B) provider associations; and
- (C) agents for providers;

who are under contract with or are employed by the health maintenance organization. The contracts with providers, provider associations, or agents of providers may include fee for service, cost plus, capitation, or other payment or risk-sharing arrangements.

(4) Contracting with any person for the performance on behalf of the health maintenance organization of certain functions, including:

- (A) marketing;
- (B) enrollment; and
- (C) administration.

(5) Contracting with:

- (A) an insurance company licensed in Indiana;
- (B) an authorized reinsurer; or
- (C) a hospital authorized to conduct business in Indiana;

for the provision of insurance, indemnity, or reimbursement against the cost of health care services provided by the health maintenance organization.

(6) The offering of point-of-service products.

(7) The joint marketing of products with:

- (A) an insurance company that is licensed in Indiana; or
- (B) a hospital that is authorized to conduct business in Indiana;

if the company that is offering each product is clearly identified.

(8) Administration of the provision of health care services at the

expense of a self-funded plan.

(b) A health maintenance organization may offer any of the following:

- (1) Plans that include only basic health care services.
- (2) Plans that include basic health care services and other health care services.
- (3) Plans that include health care services other than basic health care services so long as at least one (1) of the plans offered by the health maintenance organization includes basic health care services.

(c) Notwithstanding subsection (a)(5), a health maintenance organization may not take credit for reinsurance unless the risk is ceded to a reinsurer qualified under IC 27-6-10.

As added by P.L.26-1994, SEC.25. Amended by P.L.2-1995, SEC.111; P.L.203-2001, SEC.18.

IC 27-13-4-2

Asset of health maintenance organization as an admitted asset

Sec. 2. Nothing in this chapter qualifies an asset of a health maintenance organization as an admitted asset.

As added by P.L.26-1994, SEC.25.

IC 27-13-4-3

Filing notice with commissioner before exercising power; disapproval of exercise of power; exemptions from filing requirement

Sec. 3. (a) A domestic health maintenance organization must file notice with the commissioner, with supporting information that the commissioner deems adequate, before exercising any power granted in:

- (1) section 1(a)(1); or
- (2) section 1(a)(4);

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

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

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

- (1) substantially and adversely affect the financial soundness of the health maintenance organization; and
- (2) endanger the ability of the health maintenance organization to meet its obligations.

(d) If the commissioner does not disapprove an exercise of power referred to in a notice received under subsection (a) or (b) within

thirty (30) days after the notice is filed with the commissioner, the exercise of power is considered approved.

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

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

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

As added by P.L.26-1994, SEC.25. Amended by P.L.203-2001, SEC.19.