

CHAPTER 62D

HEALTH MAINTENANCE ACT OF 1973

62D.04 Issuance of certificate authority.
 62D.041 Protection against insolvency.
 62D.09 Information to enrollees.
 62D.19 Unreasonable expenses.
 62D.22 Statutory construction and relationship to other laws.

62D.25 Repealed.
 62D.26 Repealed.
 62D.28 Repealed.
 62D.29 Repealed.

62D.04 ISSUANCE OF CERTIFICATE AUTHORITY.

Subdivision 1. Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) arrangements for an ongoing evaluation of the quality of health care;

(c) a procedure to develop, compile, evaluate, and report statistics relating to the cost of its operations, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters as may be reasonably required by regulation of the commissioner of health;

(d) reasonable provisions for emergency and out of area health care services;

(e) demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees. In making this determination, the commissioner of health may consider:

(1) the financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;

(2) the adequacy of its working capital;

(3) arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care services in the event of discontinuance of the health maintenance organization;

(4) agreements with providers for the provision of health care services; and

(5) any deposit of cash or securities submitted in accordance with section 62D.041.

(f) demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services, including hospital care; provided, however, that the requirement in this paragraph shall not prohibit a health maintenance organization from obtaining insurance or making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services to its members on a nonelective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

(g) otherwise met the requirements of sections 62D.01 to 62D.29.

[For text of subds 2 to 4, see M.S.1984]

History: 1985 c 248 s 23

62D.041 PROTECTION AGAINST INSOLVENCY.

[For text of subds 1 to 4, see M.S.1984]

Subd. 5. **Waiver.** The commissioner may waive any of the deposit requirements set forth in subdivisions 3 and 4 whenever satisfied that the organization has sufficient net worth and an adequate history of generating net income to assure its financial viability for the next year, or its performance and obligations are guaranteed by an organization with sufficient net worth and an adequate history of generating net income, or the assets of the organization or its contracts with insurers, hospital, or medical service corporations, governments, or other organizations are reasonably sufficient to assure the performance of its obligations.

[For text of subds 6 to 8, see M.S.1984]

History: 1985 c 248 s 24

62D.09 INFORMATION TO ENROLLEES.

Subdivision 1. Any written marketing materials which may be directed toward potential enrollees and which include a detailed description of benefits provided by the health maintenance organization shall include a statement of consumer rights as described in section 62D.07, subdivision 3, paragraph (c).

Subd. 2. The application for coverage by the health maintenance organization shall be accompanied by the statement of consumer rights as described in section 62D.07, subdivision 3, paragraph (c).

Subd. 3. Every health maintenance organization or its representative shall annually, before June 1, provide to its enrollees the following: (1) a summary of its most recent annual financial statement including a balance sheet and statement of receipts and disbursements; (2) a description of the health maintenance organization, its health care plan or plans, its facilities and personnel, any material changes therein since the last report, (3) the current evidence of coverage; and (4) a statement of consumer rights as described in section 62D.07, subdivision 3, paragraph (c).

History: 1985 c 248 s 25

62D.19 UNREASONABLE EXPENSES.

No health maintenance organization shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner of health shall implement and enforce this section by rules adopted under this section.

In an effort to achieve the stated purposes of sections 62D.01 to 62D.29; in order to safeguard the underlying nonprofit status of health maintenance organizations; and to ensure that the payment of health maintenance organization money to major participating entities results in a corresponding benefit to the health maintenance organization and its enrollees, when determining whether an organization has incurred an unreasonable expense in relation to a major participating entity, due consideration shall be given to, in addition to any other appropriate factors, whether the officers and trustees of the health maintenance organization have acted with good faith and in the best interests of the health maintenance organization in entering into, and performing under, a contract under which the health maintenance organization has incurred an expense.

History: 1Sp1985 c 10 s 62

62D.22 STATUTORY CONSTRUCTION AND RELATIONSHIP TO OTHER LAWS.

[For text of subds 1 to 5, see M.S.1984]

Subd. 7. A licensed health maintenance organization shall be deemed to be a prepaid group practice plan for the purposes of chapter 43A and may be allowed to participate as a carrier for state employees subject to any collective bargaining agreement entered into pursuant to chapter 179A and reasonable restrictions applied pursuant to section 43A.23.

[For text of subds 8 and 10, see M.S.1984]

History: *1Sp1985 c 17 s 10*

62D.25 [Repealed, 1Sp1985 c 9 art 2 s 104]

62D.26 [Repealed, 1Sp1985 c 9 art 2 s 104]

62D.28 [Repealed, 1Sp1985 c 9 art 2 s 104]

62D.29 [Repealed, 1Sp1985 c 9 art 2 s 104]