

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.3551 Health maintenance organization; net worth.

Sec. 3551.

(1) A health maintenance organization shall determine its minimum net worth using accounting procedures approved by the director. The accounting procedures must ensure that a health maintenance organization is financially and actuarially sound.

(2) To obtain or maintain a certificate of authority in this state, a health maintenance organization shall possess and maintain unimpaired net worth in an amount determined adequate by the director to continue to comply with section 403 but not in an amount less than the following, as applicable:

(a) For a health maintenance organization that contracts with or employs providers in numbers sufficient to provide 90% of the health maintenance organization's benefit payout, minimum net worth is the greatest of the following:

(i) \$1,500,000.00.

(ii) Four percent of the health maintenance organization's subscription revenue.

(iii) Three months' uncovered expenditures.

(b) For a health maintenance organization that does not contract with or employ providers in numbers sufficient to provide 90% of the health maintenance organization's benefit payout, minimum net worth is the greatest of the following:

(i) \$3,000,000.00.

(ii) Ten percent of the health maintenance organization's subscription revenue.

(iii) Three months' uncovered expenditures.

(3) The director shall take into account the risk-based capital requirements as developed by the National Association of Insurance Commissioners in order to determine adequate compliance with section 403 under this section.

History: Add. 2000, Act 252, Imd. Eff. June 29, 2000 ;-- Am. 2016, Act 276, Imd. Eff. July 1, 2016

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