

To: Health Insurance and Managed Care (B) Committee
From: Receivership and Insolvency (E) Task Force
Date: May 1, 2018
Re: Adoption of Amendments to *Life and Health Insurance Guaranty Association Model Act* (#520)

The purpose of this referral is to make the Committee aware that on December 21, 2017, the NAIC Executive (EX) Committee and Plenary adopted amendments to the *Life and Health Insurance Guaranty Association Model Act*, Model 520. The amendments include health maintenance organizations (HMOs) as members of the life and health insurance guaranty association.

The Task Force is aware that many states are considering the revisions to Model 520, and several states have filed or passed legislation to implement the revisions. By making this referral, the Task Force is not suggesting that implementation of the revisions to Model 520 should be deferred pending the review of the relevant HMO models.

The Task Force noted that the inclusion of HMOs in guaranty associations might necessitate changes in other statutes to ensure consistency between state laws. To avoid conflicts between a state's guaranty association act and other laws, states are asked to review: (1) the law governing insurer receiverships, and (2) laws and regulations related to HMOs. It may be necessary to enact changes to these laws to comport with Model 520.

Similarly, the Health Insurance and Managed Care (B) Committee may wish to consider performing a review of relevant HMO model laws to determine if conforming changes may need to be made to provide options for states that have adopted or are adopting the amendments to Model 520. Below are examples of HMO laws that may need to be considered, and issues that may need to be addressed.

Laws related to HMOs include, but not limited to:

Individual Market Health Insurance Coverage Model Act, Model 36
Small Group Market Health Insurance Coverage Model Act, Model 106
Health Maintenance Organization Model Act, Model 430

- The impact of tax exempt status on options for recoupment of assessments (see Model 520, Section 13)
- Consistency of definitions of HMOs (or similar entities), health benefit plans, etc.
- Conforming changes for HMO laws, specifically, Model 430 Section 19–Hold Harmless Provision Requirements for Covered Persons; Section 20–Uncovered Expenditures Deposit; and Section 31–Rehabilitation, Liquidation and Conservation of HMOs

Please contact NAIC staff support, Jane Koenigsman (jkoenigsman@naic.org), if you have any questions.