October 15, 2019

Deputy Commissioner Don Beatty  
Chair, NAIC HMO Issues (B) Subgroup  
Bureau of Insurance  
P.O. Box 1157  
Richmond, Virginia 23218

Jolie H. Matthews, Senior Health and Life Policy Counsel  
National Association of Insurance Commissioners  
444 North Capitol Street, N.W.  
Hall of the States, Suite 700  
Washington, D.C. 20001-1509

Re: Proposed Revisions to the NAIC Health Maintenance Organization Model Act

Dear Deputy Commissioner Beatty and Ms. Matthews:

This letter is in response to the HMO Issues (B) Subgroup’s request for comments on the Virginia Bureau of Insurance’s recommended revisions to the Health Maintenance Organization Model Act (“HMO Model Act”). The recommended revisions, which are set forth in the Virginia Bureau’s memorandum dated August 7, 2019 (the “Memorandum”), are for the stated purpose of making the HMO Model Act consistent with the Life and Health Insurance Guaranty Association Model Act, as amended on December 21, 2017 (“2017 GA Model Act”).

NOLHGA does not have a position on the recommended revisions but we did want to make a technical comment with respect to the Memorandum. On pages 1 and 2, the Memorandum states that guaranty associations would now (i.e., after the adoption of the 2017 GA Model Act) be responsible for obtaining replacement coverage for an insolvent HMO’s enrollees. While guaranty associations would provide coverage for enrollees of an insolvent member HMO under the terms of the 2017 GA Model Act, that coverage (subject to statutory limits) would typically continue for a relatively short period (e.g., 180 days) following liquidation and thereafter would terminate. Our understanding is that enrollees of an insolvent HMO, like the policyowners of an insolvent health insurer, would be granted a special enrollment period under the ACA, which would permit them to seek and obtain replacement coverage from another commercial carrier.
We appreciate the opportunity to provide comments on the Memorandum and look forward to the Subgroup’s continuing discussions of this matter.

Sincerely,

Peter G. Gallanis
President