

Receivership Model Law (E) Working Group Potential Revisions to Address LTC Issues

A. Life and Health Insurance Guaranty Association Model Act

Section 2. Purpose

- Subsection A refers to “life and health insurance policies and annuity contracts”. A reference to HMO contracts is needed if HMOs are included as association members.

Section 3. Coverage and Limitations

- Clarify application of Moody’s limitation.
- If HMOs are included:
 - Specify residency requirements for HMO enrollees.
 - Establish amount of cap on HMO benefits.

Section 5. Definitions

If HMOs are included, new or revised definitions may be needed, e.g.:

- “account”
- “association”
- “contractual obligation”
- “covered policy”
- “impaired insurer”
- “insolvent insurer”
- “member insurer”
- “premiums”

Section 6. Creation of the Association

- If HMOs are included, specify whether HMOs are in health account, or a separate account.

Section 7. Board of Directors

- If HMOs are included, changes to composition of board of directors could be considered.

Section 8. Powers and Duties of the Association

- If HMOs are included, identify issues related to HMOs.

Section 9. Assessments

- Revise method for determining Class B assessments in case of LTC insolvency.
- If HMOs are included, address assessments for HMO insolvency.

Section 13. Credits for Assessments Paid

- If HMOs are included, address method for providing credits for assessments on HMOs.

Section 14. Miscellaneous Provisions

- Specify authority of association regarding rate increases for LTC.

B. Insurer Receivership Model Act

- Inclusion of HMOs as entities subject to receivership.
- Classification of HMO enrollee and provider claims.