

PROJECT HISTORY – 2007

PREPAID LIMITED HEALTH SERVICE ORGANIZATION MODEL ACT (#68)

1. Project Description

The Task Force was given a charge to review the Prepaid Limited Health Service Organization Model Act (Model #68) and determine whether it should be amended, particularly taking into account the new Medicare prescription drug plans (PDPs). Under the federal Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), states may license PDPs. The Task Force was given this charge because states with laws similar to Model #68 may want to consider using its structure to license PDPs. Model #68, however, had not been updated since it was first adopted in 1989; it also did not reflect the Centers for Medicare and Medicaid Services (CMS) minimum solvency requirements for PDPs. Revisions were made to update the model in two ways. First, the model was revised to specifically reference Medicare Prescription Drug Plans (PDPs), so states that would like to, can more easily use this model as a vehicle for regulating Medicare PDPs. Second, the financial requirements were updated to require prepaid limited health service organizations to maintain a minimum tangible net equity equal to the greater of \$100,000 or the amount necessary as required under the NAIC Risk Based Capital for Health Organizations Model Act.

2. Group Responsible for Drafting Model and States Participating

Regulatory Framework (B) Task Force:

Wisconsin, Chair	Montana
Maine	Nebraska
Arkansas	Nevada
California	New Hampshire
Colorado	Ohio
Delaware	Oregon
Florida	Rhode Island
District of Columbia	South Dakota
Idaho	Tennessee
Kansas	Utah
Kentucky	Vermont
Missouri	Virginia

3. Charge Authorizing Project

Charge given in 2006:

Review the Limited Prepaid Health Service Organization Model Act and determine whether it should be amended, particularly taking into account the new Medicare prescription drug plans. If appropriate, recommend revisions to the model.

4. Description of Drafting Process

2006 Winter National Meeting – A draft dated Dec. 10, 2006 was distributed at the Regulatory Framework Task Force meeting. The working group request comments on the draft by January 31, 2007.

2007 Spring National Meeting – Technical revisions had been made to the December draft and a new draft dated March 11, 2007, was distributed to the Regulatory Framework Task Force. The Task Force unanimously adopted the revised draft. The Health Insurance and Managed Care (B) Committee also adopted the draft.

Significant Issues Raised

None