

HB 1968 -- RISK-BASED CAPITAL ANALYSIS FOR HEALTH ORGANIZATIONS

SPONSOR: Gosen

COMMITTEE ACTION: Voted "Do Pass by Consent" by the Committee on Insurance Policy by a vote of 9 to 0.

This bill changes, from not less than once every three years to not less than once every five years, when the Director of Department of Insurance, or any duly appointed representative, must make an examination of the affairs of a health maintenance organization. It also adds definitions for a health organization, a domestic health organization, and a foreign health organization.

The bill adds a health organization to the entities subject to risk-based capital examination, analysis, and regulation under Sections 375.1250 to 375.1275, RSMo. A health organization's risk-based capital must be determined in accordance with the specified formula that must take into account and may adjust for the covariance between asset risk, credit risk, underwriting risk, and other business risks.

A foreign health organization must comply with the same regulatory requirements a foreign insurer is currently subject to under Section 375.1270.

The bill allows the Director of the Department of Insurance to share documents, materials, or other information, including the confidential and privileged documents filed as part of a risk-based capital analysis with other specified regulatory bodies if the recipient agrees to maintain the confidentiality and privileged status of the information.

The department director may exempt a domestic health organization from the risk-based credit examination requirements if it meets specified conditions.

The bill specifies the requirements that must apply for risk-based capital reports that must be filed by health organizations with respect to 2014 in lieu of specified provisions of the bill.

PROPONENTS: Supporters say that the bill is based on National Association of Insurance Commissioner model legislation. It applies existing rules on risk based capital to health organizations in the same way they apply to other insurers. The bill will help guarantee that health organizations retain sufficient capital to cover patients.

Testifying for the bill were Representative Gosen; Department of

Insurance; and Missouri Insurance Coalition.

OPPONENTS: There was no opposition voiced to the committee.