

APPLICATION, TO ANY ORGANIZATION FILING AN APPLICATION IN CONFORMITY WITH SECTION 843, UPON PAYMENT OF THE PRESCRIBED FEES, UPON RECEIPT OF OFFICIAL WRITTEN NOTIFICATION FROM THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE THAT THE ORGANIZATION'S PROPOSED HEALTH RELATED SERVICES, OPERATIONS AND FUNCTIONS FALLING UNDER THE REGULATORY JURISDICTION OF THE DEPARTMENT APPEAR TO MEET ITS REQUIREMENTS OR HAVE BEEN APPROVED BY THE DEPARTMENT, AND UPON BEING SATISFIED THAT:

(1) THE ORGANIZATION PROPOSES TO ESTABLISH AND OPERATE A BONA FIDE HEALTH CARE PLAN HAVING THE CAPABILITY TO PROVIDE HEALTH CARE SERVICES IN THE GEOGRAPHIC AREA PROPOSED;

(2) THE PROPOSED HEALTH CARE PLAN IS ACTUARIALLY SOUND AND THE ORGANIZATION HAS AN ADEQUATE SCHEDULE OF MINIMUM TANGIBLE NET EQUITY. THESE REQUIREMENTS MAY BE SATISFIED BY A FINDING THAT THE ORGANIZATION HAS MADE ACCEPTABLE ARRANGEMENTS TO PROVIDE ALL OR STIPULATED PARTS OF HEALTH CARE SERVICES OFFERED;

(3) THE TERMS OF CONTRACTS, INCLUDING ANY MEDICAL ASSISTANCE PROGRAM CONTRACTS UNDER "SUBCHAPTER XVIII. - HEALTH INSURANCE FOR THE AGED AND DISABLED" (MEDICARE) 42 U.S.C. §1395 ET SEQ. (1970 ED. AND SUPP. III 1972), AS AMENDED FROM TIME TO TIME, AND "SUBCHAPTER XIX. - GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS" (MEDICAID) 42 U.S.C. §1396 ET SEQ. (1970 ED. AND SUPP. III 1972), AS AMENDED FROM TIME TO TIME, PROPOSED TO BE MADE OR MADE WITH GOVERNMENTAL OR PRIVATE AGENCIES COVERING ALL OR PART OF THE COST OF SUBSCRIPTIONS TO PROVIDE HEALTH CARE SERVICES, FACILITIES, APPLIANCES, MEDICINES, OR SUPPLIES ARE FINANCIALLY SOUND, BASED ON REASONABLE ACTUARIAL ASSUMPTIONS THAT THE ORGANIZATION WILL BE IN A POSITION TO MEET ITS OBLIGATIONS AND COMMITMENTS TO THE AGENCIES AND THEIR BENEFICIARIES BY REASON OF THE ORGANIZATION'S NET EQUITY POSITION, STOP LOSS, REINSURANCE ARRANGEMENTS MADE WITH AUTHORIZED INSURERS, OR OTHER ARRANGEMENTS MADE BY THE ORGANIZATION WHICH ARE SATISFACTORY TO THE COMMISSIONER;

(4) THE TERMS OF THE CONTRACTS PROPOSED TO BE OFFERED TO SUBSCRIBERS WILL IN FACT ASSURE THAT THE HEALTH CARE SERVICES WILL BE RENDERED TO MEMBERS OF THE ORGANIZATION UNDER REASONABLE STANDARDS OF QUALITY OF CARE APPLICABLE TO THE GEOGRAPHIC AREA TO BE SERVED AS APPROVED BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE;

(5) THE PROCEDURES FOR OFFERING HEALTH CARE SERVICES AND OFFERING AND TERMINATING CONTRACTS TO SUBSCRIBERS WILL NOT UNFAIRLY DISCRIMINATE ON THE BASIS OF AGE, SEX, RACE, HEALTH OR ECONOMIC STATUS. THIS REQUIREMENT DOES NOT PROHIBIT REASONABLE UNDERWRITING