

(Medicaid) 42 U. S. C. § 1396 et seq. (1970 Ed. and Supp. III 1972), as amended from time to time, AND PUBLIC HEALTH SERVICE ACT, TITLE III (42 U.S.C. § 254C), 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 HEALTH MAINTENANCE 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 HEALTH MAINTENANCE 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 classifications for the purposes of establishing contract rates nor does it prohibit experience rating;

(6) The organization furnishes evidence of adequate insurance coverage or an adequate plan for self-insurance to respond to claims for injuries arising out of the furnishing of health care;

(7) The organization has provided, through contract or otherwise, for periodic external audit and review of its HEALTH MAINTENANCE ORGANIZATION'S health and medical facilities and services in the manner determined or approved by the Department of Health and Mental Hygiene, using methods which will provide maximum confidentiality as to patient identity and assure objective evaluation. However, the organization may employ in lieu of an external audit its own internal quality of care committee audit procedures, if the procedures are approved by the Department of Health and Mental Hygiene. Where there is a professional standards review organization as described in 42 U. S. C. § 1320c-1 (Supp. III 1972), as amended from time to time, which is certified by the United States Department of Health, Education and Welfare as capable of serving persons in the area in which the health maintenance organization is located who are receiving benefits 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.