

(d) (1) The health maintenance organization shall be actuarially sound ~~and have an adequate tangible net worth. These requirements may be satisfied by a finding that the health maintenance organization has~~ [made acceptable arrangements to provide all or stipulated parts of health care services that it offers] ~~A-READILY-ACCESSIBLE-POSITIVE-NET-RESERVE-OF-\$250,000.~~

(2) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE STOCK OR SURPLUS THAT THE HEALTH MAINTENANCE ORGANIZATION IS REQUIRED TO HAVE SHALL BE PAID IN FULL.

(II) THE HEALTH MAINTENANCE ORGANIZATION SHALL HAVE STOCK OR SURPLUS THAT EXCEEDS THE LIABILITIES OF THE HEALTH MAINTENANCE ORGANIZATION BY EITHER \$100,000 OR 5 PERCENT OF THE SUBSCRIPTION CHARGES EARNED DURING THE PRIOR CALENDAR YEAR AS RECORDED IN THE ANNUAL REPORT FILED BY THE HEALTH MAINTENANCE ORGANIZATION WITH THE COMMISSIONER.

(III) NO HEALTH MAINTENANCE ORGANIZATION SHALL BE REQUIRED TO MAINTAIN A STOCK OR SURPLUS IN EXCESS OF A VALUE OF \$1,000,000.

(3) THE COMMISSIONER MAY WAIVE THE STOCK OR SURPLUS REQUIREMENTS CONTAINED IN THIS SUBSECTION IF THE COMMISSIONER IS SATISFIED THAT:

(I) THE HEALTH MAINTENANCE ORGANIZATION HAS SUFFICIENT NET WORTH AND AN ADEQUATE HISTORY OF GENERATING NET INCOME TO ASSURE FINANCIAL VIABILITY FOR THE NEXT YEAR;

(II) THE HEALTH MAINTENANCE ORGANIZATION'S PERFORMANCE AND OBLIGATIONS ARE GUARANTEED BY ANOTHER PERSON WITH SUFFICIENT NET WORTH AND AN ADEQUATE HISTORY OF GENERATING NET INCOME; OR

(III) THE ASSETS OF THE HEALTH MAINTENANCE ORGANIZATION OR CONTRACTS WITH INSURERS, GOVERNMENTS, PROVIDERS, OR OTHER PERSONS ARE SUFFICIENT TO REASONABLY ASSURE THE PERFORMANCE OF THE HEALTH MAINTENANCE ORGANIZATION'S OBLIGATIONS.

SECTION 2. AND BE IT FURTHER ENACTED, That, except as provided below, the provisions of this Act shall apply only to health maintenance organizations that are certified by the Insurance Commissioner on or after the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That any health maintenance organization certified by the Insurance Commissioner prior to the effective date of this Act shall ~~show a readily accessible positive net reserve as follows: effective July 17, 1984, \$50,000; effective July 17, 1985, \$100,000; effective July 17, 1986, \$150,000; effective July 17, 1987, \$200,000; and effective July 17, 1988, \$250,000~~ maintain stock or surplus as