

(3) (I) FOR THE PROTECTION OF THE HEALTH MAINTENANCE ORGANIZATION'S MEMBERS AND CREDITORS, THE APPLICANT SHALL DEPOSIT AND MAINTAIN IN TRUST WITH THE STATE TREASURER \$100,000 IN CASH OR GOVERNMENT SECURITIES OF THE TYPE DESCRIBED IN ARTICLE 48A, § 110.

(II) 1. THE DEPOSITS SHALL BE ACCEPTED AND HELD IN TRUST BY THE STATE TREASURER IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 48A, §§ 108 THROUGH 118.

2. FOR THE PURPOSE OF APPLYING THIS SUBPARAGRAPH, A HEALTH MAINTENANCE ORGANIZATION SHALL BE TREATED AS AN INSURER.

+3+ (4) The Commissioner may waive the stock--or surplus AND DEPOSIT 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.

(e) The terms of contracts, including any medical assistance program contracts under Title XVIII or Title XIX of the Social Security Act or Title III of the Public Health Service Act, proposed to be made or made with government or private agencies that cover all or part of the cost of subscriptions to provide health care services, facilities, appliances, medicines, or supplies shall be financially sound, based on reasonable actuarial assumptions that the health maintenance organization can meet its obligations to the agencies and their beneficiaries by reason of the health maintenance organization's net worth position, stop loss, reinsurance arrangements with authorized insurers, or other arrangements that are satisfactory to the Commissioner.

(f) (1) The terms of the contracts to be offered to subscribers shall provide that the health care services provided to members of the health maintenance organization will meet reasonable standards of quality of care that are applicable to the geographic area to be served, as approved by the Department.