

Matters Committee on all regulatory changes regarding health maintenance organizations.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act---shall take--effect--July--1,--1988: any health maintenance organization operating under a certificate of authority issued by the Insurance Commissioner prior to the effective date of this Act shall maintain, beginning on July 1, 1988, surplus in the amount that is at least equal to the greater of \$150,000 or 5% of the earned subscription charges for the preceding 12 months; beginning July 1, 1989, surplus in the amount that is at least equal to the greater of \$200,000 or 5% of the earned subscription charges for the preceding 12 months; and beginning July 1, 1990, surplus in the amount that is at least equal to the greater of \$250,000 or 5% of the earned subscription charges for the preceding 12 months.

SECTION 4. AND BE IT FURTHER ENACTED, That any health maintenance organization operating under a certificate of authority issued by the Insurance Commissioner prior to the effective date of this Act shall have, beginning July 1, 1988, a total of \$100,000 in cash or securities of the type described in Article 48A, § 110 deposited through the Commissioner and maintained in trust with the State Treasurer for the protection of the members of the health maintenance organization.

SECTION 5. AND BE IT FURTHER ENACTED, That the provisions of § 19-710(d)(2)(ii) and (3) of the Health - General Article apply only to health maintenance organizations that are operating under a certificate of authority issued by the Insurance Commissioner on or after the effective date of this Act.

SECTION-4 SECTION 6. AND BE IT FURTHER ENACTED, That the changes to Article 48A, Sections 166-and-170 165, 166, 173, and 178 and Section 19-706 of the Health - General Article made by this Act shall take effect July 1, 1989, and this Act shall otherwise take effect July 1, 1988.

Approved May 27, 1988.