

BY repealing

Chapter 754 of the Acts of the General Assembly of 1988
Section 3

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Health - General

19-710.

(d) (1) The health maintenance organization shall be actuarially sound.

(2) (i) Except as otherwise provided in this paragraph, the surplus that the health maintenance organization is required to have shall be paid in full.

(II) THE HEALTH MAINTENANCE ORGANIZATION LICENSED ON OR AFTER JULY 1, 1989 SHALL HAVE AN INITIAL SURPLUS THAT EXCEEDS THE LIABILITIES OF THE HEALTH MAINTENANCE ORGANIZATION BY AT LEAST \$1,500,000.

[(ii)] (III) [The] ALL health maintenance [organization] ORGANIZATIONS shall [have] MAINTAIN a surplus that exceeds the liabilities of the health maintenance organization in the amount that is at least equal to the greater of [\$250,000] \$750,000 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)] (IV) No health maintenance organization shall be required to maintain a surplus in excess of a value of [\$1,000,000] \$3,000,000.

(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.