

BY adding to

Article – Health – General  
 Section 19-710(e)  
 Annotated Code of Maryland  
 (1996 Replacement Volume and 1999 Supplement)

BY repealing and reenacting, with amendments,

Article – Insurance  
 Section 4-301, 4-304, 4-308, and 4-311  
 Annotated Code of Maryland  
 (1997 Volume and 1999 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 19-710(e) through (s), respectively, of Article – Health – General of the Annotated Code of Maryland be renumbered to be Section(s) 19-710(f) through (t), respectively.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

### Article – Health – General

15-102.4.

(a) (1) Each managed care organization shall be actuarially sound.

(2) (i) Except as otherwise provided in this section, the surplus that a managed care organization is required to have shall be paid in full.

(ii) A managed care organization shall have an initial surplus that exceeds the liabilities of the managed care organization by at least \$1,500,000.

(b) (1) In consultation with the Secretary, the Insurance Commissioner may adjust the initial surplus requirement for a managed care organization that is not licensed as a health maintenance organization. In determining whether to make an adjustment under [paragraph (1) of this subsection] THIS PARAGRAPH, the Commissioner shall consider:

(i) The proposed capitation level that would be received by the managed care organization under a contract with the Department under this subtitle;

(ii) The proposed range of benefits to be provided under a contract with the Department under this subtitle;

(iii) The existence of any commitment by the Secretary to designate funds over and above the proposed capitation where the designated funds:

1. Are equivalent to the difference between the requirements of § 19-710 of this [subtitle] ARTICLE and any lower requirements determined by the Commissioner under this subparagraph; and