AN ACT

Codification District of Columbia Official Code

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To create a regulatory framework to establish the minimum amount of capital for a health organization; to amend the District of Columbia Theft and White Collar Crimes Act of 1982 to revise the definition of the term "insurer"; to amend the Prohibition of Discrimination in the Provision of Insurance Act of 1986 to revise the definition of the term "health maintenance organization"; to amend the District of Columbia Cancer Prevention Act of 1990 to revise the definition of the term "health benefits plan"; and to amend the Drug Abuse, Alcohol Abuse, and Mental Illness Insurance Coverage Act of 1986 to revise the definition of the term "health maintenance organization".

New Chapter 38A, Title 31

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Health Organizations RBC Amendment Act of 2002".

New § 31-3851.01

TITLE I. REGULATORY STANDARDS.

Sec. 101. Definitions.

For the purposes of this title, the term:

(1) "Adjusted RBC report" means an RBC report which has been adjusted by the Commissioner in accordance with section 102(c).

(2) "Authorized Control Level Event" means any of the following events:

(A) The filing of an RBC report by the health organization that indicates that the health organization's total adjusted capital is at least equal to its Mandatory Control Level RBC, but less than its Authorized Control Level RBC;

(B) The notification by the Commissioner to the health organization of an adjusted RBC report described in subparagraph (A) of this paragraph; provided, that the health organization does not challenge the adjusted RBC report under section 107;

(C) If, under section 107, the health organization challenges an adjusted RBC report described in subparagraph (A) of this paragraph, notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge;

(D) The failure of the health organization to respond, in a manner satisfactory to the Commissioner, to a corrective order; provided, that the health organization

has not challenged the corrective order under section 107; or

(E) If the health organization has challenged a corrective order under section 107 and the Commissioner has, after a hearing**,** rejected the challenge or modified the corrective order, the failure of the health organization to respond, in a manner satisfactory to the Commissioner, to the corrective order subsequent to rejection or modification by the Commissioner.

(3) "Authorized Control Level RBC" means the amount of capital required under the risk-based capital formula in accordance with the RBC Instructions.

(4) "Commissioner" means Commissioner of the Department of Insurance and Securities Regulation.

(5) "Company Action Level Event" means any of the following events:

(A) The filing of an RBC report by a health organization that indicates that the health organization's total adjusted capital is at least equal to its Regulatory Action Level RBC, but less than its Company Action Level RBC;

(B) Notification by the Commissioner to the health organization of an adjusted RBC report described in subparagraph (A) of this paragraph; provided, that the health organization does not challenge the adjusted RBC report under section 107; or

(C) If, under section 107, a health organization challenges an adjusted RBC report described in subparagraph (A) of this paragraph, the notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(6) "Company Action Level RBC" means the Authorized Control Level RBC multiplied by a factor of 2.

(7) "Corrective order" means an order issued by the Commissioner specifying corrective actions.

(8) "District" means the District of Columbia.

(9) "Domestic health organization" means a health organization domiciled in the District.

(10) "Foreign health organization" means a health organization that is licensed to do business, but is not domiciled, in the District.

(11) "Health organization" means a health maintenance organization, hospital and medical indemnity or service corporation, or other managed care organization licensed under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.)*, and the Hospital and Medical Services Corporation Regulatory Act of 1996, effective April 9, 1997 (D.C. Law 11-245; D.C. Official Code § 31-3501 *et seq.*). The term "health organization" shall not include an organization that is licensed as either a life and health insurer or a property and casualty insurer and that is otherwise subject to either the life or property and casualty RBC requirements.

(12) "Mandatory Control Level Event" means any of the following events:

(A) The filing of an RBC report which indicates that the health

organization's total adjusted capital is less than its Mandatory Control Level RBC;

(B) Notification by the Commissioner to the health organization of an adjusted RBC report described in subparagraph (A) of this paragraph; provided, that the health organization does not challenge the adjusted RBC report under section 107; or

(C) If, under section 107, the health organization challenges an adjusted RBC report described in subparagraph (A) of this paragraph, notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(13) "Mandatory Control Level RBC" means the required Authorized Control Level RBC multiplied by a factor of 0.7.

(14) "NAIC" means the National Association of Insurance Commissioners.

(15) "RBC instructions" means the instructions for the RBC report, including risk-based capital instructions adopted by the NAIC, as these RBC instructions may be amended by the NAIC from time to time in accordance with the procedures adopted by the NAIC.

(16) "RBC level" means a health organization's Company Action Level RBC, Regulatory Action Level RBC, Authorized Control Level RBC, or Mandatory Control Level RBC.

(17) "RBC plan" means a comprehensive financial plan containing the elements specified in section 103(a).

(18) "RBC report" means the report required by section 102.

(19) "Regulatory Action Level Event" means any of the following events:

(A) The filing of an RBC report by the health organization that indicates that the health organization's total adjusted capital is at least equal to its Authorized Control Level RBC but less than its Regulatory Action Level RBC;

(B) Notification by the Commissioner to a health organization of an adjusted RBC report that described in subparagraph (A) of this paragraph; provided, that the health organization does not challenge the adjusted RBC report under section 107;

(C) If, under section 107, the health organization challenges an adjusted RBC report described in subparagraph (A) of this paragraph, the notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge;

(D) The failure of the health organization to file an RBC report by the filing date, unless the health organization has provided an explanation for the failure that is satisfactory to the Commissioner and has cured the failure within 10 days after the filing date;

(E) The failure of the health organization to submit an RBC plan to the Commissioner within the time period set forth in section 103(b);

(F) Notification by the Commissioner to the health organization stating that:

(i) The RBC plan or revised RBC plan submitted by the health organization is, in the judgment of the Commissioner, unsatisfactory; and

(ii) The notification constitutes a Regulatory Action Level Event with respect to the health organization; provided, that the health organization has not challenged the determination under section 107;

(G) If, under section 107, the health organization challenges a determination by the Commissioner under subparagraph (F) of this paragraph, the notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the challenge;

(H) Notification by the Commissioner to the health organization that the health organization has failed to adhere to its RBC plan or revised RBC plan; provided, that the failure has a substantial adverse effect on the ability of the health organization to eliminate the Company Action Level Event in accordance with its RBC plan or revised RBC plan and the Commissioner has so stated in the notification; provided further, that the health organization has not challenged the determination under section 107; or

(I) If, under section 107, the health organization challenges a determination by the Commissioner under subparagraph (H) of this paragraph, the notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the challenge.

(20) "Regulatory Action Level RBC" means the Authorized Control Level RBC multiplied by a factor of 1.5.

(21) "Revised RBC plan" means, if the Commissioner rejects the RBC plan, the RBC plan as revised by the health organization, with or without the Commissioner's consent.

(22) "Total adjusted capital" means the sum of:

(A) A health organization’s statutory capital and surplus as determined in accordance with the statutory accounting applicable to the annual financial statements required to be filed; and

(B) Such other items, if any, as the RBC instructions may require.

New § 31-3851.02

Sec. 102. RBC reports.

(a) A domestic health organization shall, prior to each March 2 ("filing date"), prepare and submit to the Commissioner a report of its RBC levels as of the end of the previous calendar year, in a form and containing such information as is required by the RBC instructions. In addition, a domestic health organization shall file its RBC report:

(1) With the NAIC in accordance with the RBC instructions; and

(2) With the insurance commissioner in any state in which the health organization is authorized to do business, if the insurance commissioner has notified the health organization of its request in writing, in which case the health organization shall file its RBC report not later than the later of:

(A) Fifteen days after the receipt of notice to file its RBC report with that state; or

(B) The filing date.

(b) A health organization's RBC level shall be determined in accordance with the RBC instructions.

(c) If a domestic health organization files an RBC report that, in the judgment of the Commissioner, is inaccurate, the Commissioner shall adjust the RBC report to correct the inaccuracy and shall notify the health organization of the adjustment. The notice shall contain a statement of the reason for the adjustment.

New § 31-3851.03

Sec. 103. Company Action Level Event.

(a) If a Company Action Level Event occurs, the health organization shall prepare and submit to the Commissioner an RBC plan that shall:

(1) Identify the conditions that contributed to the Company Action Level Event;

(2) Contain proposals of corrective actions that the health organization proposes to eliminate the Company Action Level Event;

(3) Provide forecasts of the health organization's financial results in the current year and at least the 2 succeeding years, both in the absence of proposed corrective actions and giving effect to the proposed corrective actions, including projections of statutory balance sheets, operating income, net income, capital and surplus, and RBC levels; provided, that the forecasts for both new and renewal business may include separate forecasts for each major line of business and separately identify each significant income, expense, and benefit component;

(4) Identify the key assumptions impacting the health organization's forecasts and the sensitivity of the forecasts to the assumptions; and

(5) Identify the quality of, and problems associated with, the health organization's business, including its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business, and use of reinsurance, if any.

(b) The RBC plan shall be submitted:

(1) Within 45 days of the Company Action Level Event other than if a company challenges an adjusted RBC report; or

(2) If the health organization challenges an adjusted RBC report, within 45 days after notification to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(c) Within 60 days after the submission by a health organization of an RBC plan to the Commissioner, the Commissioner shall notify the health organization whether the RBC plan shall be implemented or is, in the judgment of the Commissioner, unsatisfactory. If the Commissioner determines the RBC plan is unsatisfactory, the notification to the health organization shall set forth the reasons for the determination and may set forth proposed revisions which will render the RBC plan satisfactory. Upon notification from the Commissioner, the health organization shall prepare a revised RBC plan, which may incorporate by reference any revisions proposed by the Commissioner, and shall submit the revised RBC plan to the Commissioner:

(1) Within 45 days after the notification from the Commissioner; or

(2) If the health organization challenges the notification from the Commissioner

under section 107, within 45 days after a notification to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(d) If the Commissioner notifies a health organization that the health organization's RBC plan or revised RBC plan is unsatisfactory, the Commissioner may, at the Commissioner's discretion, subject to the health organization's right to a hearing under section 107, specify in the notification that the notification constitutes a Regulatory Action Level Event.

(e) A domestic health organization that files an RBC plan or revised RBC plan with the Commissioner shall file a copy of the RBC plan or revised RBC plan with the insurance commissioner in any state in which the health organization is authorized to do business if:

(1) The state has a risk-based capital provision substantially similar to section 108(a); and

(2) The insurance commissioner of that state has notified the health organization of its request for the filing in writing, in which case the health organization shall file a copy of the RBC plan or revised RBC plan in that state no later than the later of:

(A) Fifteen days after the receipt of notice to file a copy of its RBC plan or revised RBC plan with the state; or

(B) The date on which the RBC plan or revised RBC plan is filed under subsection (b) or (c) of this section.

New § 31-3851.04

Sec. 104. Regulatory Action Level Event.

(a) If a Regulatory Action Level Event occurs, the Commissioner shall:

(1) Require the health organization to prepare and submit an RBC plan or, if applicable, a revised RBC plan;

(2) Perform such examination or analysis as the Commissioner considers necessary of the assets, liabilities, and operations of the health organization, including a review of its RBC plan or revised RBC plan; and

(3) Issue a corrective order.

(b) In determining corrective action, the Commissioner may consider factors which include the results of any sensitivity tests undertaken under the RBC instructions. The RBC plan or revised RBC plan shall be submitted:

(1) Within 45 days after the occurrence of the Regulatory Action Level Event;

(2) If the health organization challenges an adjusted RBC report under section 107, and the challenge is not frivolous in the judgment of the Commissioner, within 45 days after the notification to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge; or

(3) If the health organization challenges a revised RBC plan under section 107, and the challenge is not frivolous in the judgment of the Commissioner, within 45 days after the notification to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(c) The Commissioner may retain actuaries, investment experts, or other consultants as

may be necessary in the judgment of the Commissioner to review the health organization's RBC plan or revised RBC plan, examine or analyze the assets, liabilities, and operations (including contractual relationships) of the health organization, and formulate the corrective order with respect to the health organization. The fees, costs, and expenses relating to the actuaries, investment experts, or consultants shall be borne by the affected health organization or such other party as directed by the Commissioner.

New § 31-3851.05

Sec. 105. Authorized Control Level Event.

(a) If an Authorized Control Level Event occurs, the Commissioner shall:

(1) Take such actions as are required under section 104 with respect to a Regulatory Action Level Event; or

(2) If the Commissioner considers it to be in the best interests of the policyholders and creditors of the health organization and of the public, take such action as is necessary to cause the health organization to be placed under regulatory control under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*) or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*).

(b)(1) If the Commissioner takes action under subsection (a)(1) of this section pursuant to an adjusted RBC report, the health organization shall be entitled to the protections which are afforded to health organizations under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*), or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*), pertaining to summary proceedings.

(2) If the Commissioner takes action under subsection (a)(2) of this section, the Authorized Control Level Event shall be sufficient for the Commissioner to take action under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*), or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*). In such event, the Commissioner shall have the rights, powers, and duties with respect to the health organization as are set forth in the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*), or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*).

New § 31-3851.06

Sec. 106. Mandatory Control Level Event.

(a) If a Mandatory Control Level Event occurs, the Commissioner shall take such action as is necessary to place the health organization under regulatory control under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*), or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*). In such event, the

Mandatory Control Level Event shall be sufficient reason for the Commissioner to take action under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*), or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*). In such event, the Commissioner shall have the rights, powers, and duties with respect to the health organization as are set forth in the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*), or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*).

(b) If the Commissioner takes action under subsection (a) of this section pursuant to an adjusted RBC report, the health organization shall be entitled to the protections of the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*), or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*), pertaining to summary proceedings.

(c) Notwithstanding the provisions of subsections (a) or (b) of this section, the Commissioner may forego action for up to 90 days after the Mandatory Control Level Event if the Commissioner finds there is a reasonable expectation that the Mandatory Control Level Event may be eliminated within the 90-day period.

New § 31-3851.07

Sec. 107. Hearings.

(a) A health organization may request a confidential department hearing, on a record, to challenge a determination or action if the Commissioner notifies it of the following:

(1) An adjusted RBC report;

(2)(A) The health organization's RBC plan or revised RBC plan is unsatisfactory; and

(B) The notification constitutes a Regulatory Action Level Event;

(3) The health organization has failed to adhere to its RBC plan or revised RBC plan and that the failure has a substantial adverse effect on the ability of the health organization to eliminate the Company Action Level Event in accordance with its RBC plan or revised RBC plan; or

(4) A corrective order.

(b) The health organization shall notify the Commissioner of its request for a hearing within 5 days after a notification described in subsection (a) of this section. Upon receipt of the health organization's request for a hearing, the Commissioner shall set a date for the hearing, which shall be no less than 10, or more than 30, days after the date of the health organization's request.

New § 31-3851.08

Sec. 108. Confidentiality; prohibition on announcements; prohibition on use in rate

making.

(a) All RBC reports (to the extent the information is not required to be set forth in a publicly available annual statement schedule) and RBC plans (including the results or report of any examination or analysis of a health organization performed under this title and any corrective order issued by the Commissioner under examination or analysis) that are filed with the Commissioner shall be confidential and privileged, shall not be subject to title II of the District of Columbia Administrative Procedure Act, effective March 25, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 *et seq.*), shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in a private civil action; provided, that the Commissioner may use the documents, materials, or other information in furtherance of any regulatory or legal action brought as a part of the Commissioner's official duties.

(b) The Commissioner or any person who received documents, materials, or other information while acting under the authority of the Commissioner shall not be permitted or required to testify in a private civil action concerning any confidential documents, materials, or information subject to subsection (a) of this section.

(c) To assist in the performance of the Commissioner's duties under this title, the Commissioner may:

(1) Share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to subsection (a) of this section, with District, state, federal, and international regulatory agencies, with the NAIC, and with District, state, federal, and international law enforcement authorities; provided, that the recipient agrees to maintain the confidentiality and privileged status of document, material, or other information;

(2) Receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the NAIC and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential and privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information; or

(3) Enter into agreements governing sharing and use of the information consistent with this subsection.

(d) No waiver of an existing privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of sharing as authorized in subsection (c)(3) of this section.

(e) Except as otherwise required under this title, the making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over a radio or television station, or in any other way, an advertisement, announcement or statement containing an assertion, representation, or statement with regard to the RBC levels of any health organization, or of any component derived in the calculation, by any health organization, agent,

broker, or other person engaged in any manner in the insurance business shall be prohibited; provided, that if any materially false statement with respect to the comparison regarding a health organization's total adjusted capital to its RBC levels (or any of them) or an inappropriate comparison of any other amount to the health organizations' RBC levels is published in any written publication and the health organization is able to demonstrate to the Commissioner with substantial proof the falsity of the statement, or the inappropriateness, as the case may be, the health organization may publish an announcement in a written publication if the sole purpose of the announcement is to rebut the materially false statement.

(f) The RBC instructions, RBC reports, adjusted RBC reports, RBC plans, and revised RBC plans shall only be used by the Commissioner in monitoring the solvency of health organizations and the need for possible corrective action and shall not be used by the Commissioner for ratemaking, or considered or introduced as evidence in any rate proceeding, nor used by the Commissioner to calculate or derive any elements of an appropriate premium level or rate of return for any line of insurance that a health organization or an affiliate is authorized to write.

New § 31-3851.09

Sec. 109. Foreign health organizations

(a)(1) A foreign health organization shall, upon the written request of the Commissioner, submit to the Commissioner an RBC report as of the end of the previous calendar year upon the later of:

(A) The date that an RBC report would be required to be filed by a domestic health organization under this title; or

(B) Fifteen days after the request is received by the foreign health organization.

(2) A foreign health organization shall, at the written request of the Commissioner, promptly submit to the Commissioner a copy of any RBC plan that is filed with the insurance commissioner of any other state.

(b) If (1) a Company Action Level Event, Regulatory Action Level Event, or Authorized Control Level Event occurs with respect to a foreign health organization as determined under the RBC statute applicable in the state of domicile of the health organization (or, if no RBC statute is in force in that state, under the provisions of this title), and (2) the Insurance Commissioner of the state of domicile of the foreign health organization fails to require the foreign health organization to file an RBC plan in the manner specified under that state's RBC statute (or, if no RBC statute is in force in that state, under section 103), the Commissioner may require the foreign health organization to file an RBC plan with the Commissioner. In such event, the failure of the foreign health organization to file an RBC plan with the Commissioner shall be reason to order the health organization to cease and desist from writing new insurance business in the District.

(c) If (1) a Mandatory Control Level Event occurs with respect to a foreign health organization, and (2) no domiciliary receiver has been appointed with respect to the foreign

health organization under the rehabilitation and liquidation statute applicable in the state of domicile of the foreign health organization, the Commissioner may apply to the Superior Court of the District of Columbia as permitted under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*) or the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*) with respect to the liquidation of property of foreign health organizations found in the District of Columbia. The occurrence of the Mandatory Control Level Event shall be considered adequate grounds for the application.

New § 31-3851.10

Sec. 110. Supplemental provisions; rules; exemption.

(a) This title shall supplement the other provisions of the laws of the District and shall not preclude or limit any other powers or duties of the Commissioner under such laws, including the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*), and the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*).

(b) The Commissioner may promulgate regulations to implement this title.

(c) The Commissioner may exempt from the application of this title a domestic health organization that:

(1) Writes direct business only in the District;

(2) Assumes no reinsurance in excess of 5% of direct premium written; and

(3) Writes direct annual premiums for comprehensive medical business of $2 million or less.

New § 31-3851.11

Sec. 111. Immunity.

The Commissioner, the Department of Insurance and Securities Regulation, or its employees or agents shall not be liable for any action taken by them in the performance of their powers and duties under this title.

New § 31-3851.12

Sec. 112. Notices.

All notices by the Commissioner to a health organization that may result in regulatory action under this title shall be effective upon mailing if transmitted by registered or certified mail or, in the case of any other transmission, shall be effective upon the health organization's receipt of notice.

New § 31-3851.13

Sec. 113. Transition.

For RBC reports required to be filed by health organizations with respect to 2002, the following requirements shall apply in lieu of the provisions of section 103, 104, 105 and 106:

(1) In the event of a Company Action Level Event with respect to a domestic health organization, the Commissioner shall take no regulatory action under this title.

(2) In the event of a Regulatory Action Level Event as defined under

section 101(19)(A) through (C), the Commissioner shall take the actions required under section 103.

(3) In the event of a Regulatory Action Level Event as defined under section 101(19)(D) through (I), or an Authorized Control Level Event, the Commissioner shall take the action required under section 104 with respect to the health organization.

(4) In the event of a Mandatory Control Level Event, the Commissioner shall take the action required under section 105.

TITLE II. INSURANCE FRAUD PREVENTION AND DETECTION AMENDMENT ACT.

Amend § 22-3225.01

Sec. 201. Section 125a(6) of the District of Columbia Theft and White Collar Crimes Act of 1982, effective April 27, 1999 (D.C. Law 12-273; D.C. Official Code § 22-3225.01(6)), is amended to read as follows:

"(6) "Insurer" includes any company defined by section 2 of Chapter I of the Life Insurance Act, approved June 19, 1934 (48 Stat. 1128; D.C. Official Code § 31-4202), and section 3 of Chapter I of the Fire and Casualty Act, approved October 9, 1940 (54 Stat. 1064; D.C. Official Code § 31-2501.03), authorized to do the business of insurance in the District, a hospital and medical services corporation, a fraternal benefit society, or a health maintenance organization. The term "insurer" shall not apply to a Medicaid health maintenance organization.".

TITLE III. PROHIBITION OF DISCRIMINATION IN THE PROVISION OF INSURANCE ACT.

Amend § 31-1601

Sec. 301. Section 2(4) of the Prohibition of Discrimination in the Provision of Insurance Act of 1986, effective August 7, 1986 (D.C. Law 6-132; D.C. Official Code § 31-1601(4)), is amended to read as follows:

"(4) "Health maintenance organization" or "HMO" means any person that undertakes to provide or arrange for the delivery of basic health care services to enrollees on a prepaid basis, except for enrollees responsibility for co-payments and deductibles, and qualifies as a health maintenance organization under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*).".

TITLE IV. DISTRICT OF COLUMBIA CANCER PREVENTION ACT .

Sec. 401. The District of Columbia Cancer Prevention Act of 1990, effective March 7, 1991 (D.C. Law 8-225; D.C. Official Code § 31-2901 *et seq.*), is amended as follows:

Amend § 31-2901

(a) Section 2(4) (D.C. Official Code § 31-2901(4)) is amended to read as follows:

"(4) "Health benefit plan" means any accident and health insurance policy or certificate, hospital and medical services corporation contract, health maintenance organization subscriber contract, plan provided by a multiple employer welfare arrangement, or plan provided by another benefit arrangement. The term "health benefit plan" does not mean accident only,

credit, or disability insurance; coverage of Medicare services or federal employee health plans, pursuant to contracts with the United States government; Medicare supplemental or long-term care insurance; dental only or vision only insurance; specified disease insurance; hospital confinement indemnity coverage; limited benefit health coverage; coverage issued as a supplement to liability insurance, insurance arising out of a workers' compensation or similar law; automobile medical payment insurance; medical expense and loss of income benefits; or insurance under which benefits are payable with or without regard to fault and that is statutorily required to be contained in any liability insurance policy or equivalent self-insurance.".

Amend § 31-2902

(b) Section 3 (D.C. Official Code § 31-2902) is amended as follows:

(1) Subsection (a) is amended by striking the phrase "health insurance policy or service" and inserting the phrase "health benefit plan" in its place.

(2) Subsection (b) is amended by striking the phrase "health insurance policy or service" and inserting the phrase "health benefit plan" in its place.

Amend § 31-2903

(c) Section 4 (D.C. Official Code § 31-2903) is amended as follows:

(1) Subsection (1) is amended by striking the phrase "insurance policy or subscriber contract" and inserting the phrase "health benefit plan" in its place.

(2) Subsection (2) is amended by striking the phrase "insurance policy or subscriber contract" and inserting the phrase "health benefit plan" in its place.

TITLE V. DRUG ABUSE, ALCOHOL ABUSE, AND MENTAL ILLNESS INSURANCE COVERAGE ACT.

Amend § 31-3101

Sec. 501. Section 2(7) of the Drug Abuse, Alcohol Abuse, and Mental Illness Insurance Coverage Act of 1986, effective February 28, 1987 (D.C. Law 6-195; D.C. Official Code § 31-3101(7)), is amended to read as follows:

"(7) "Health maintenance organization" or "HMO" means any person that undertakes to provide or arrange for the delivery of basic health care services to enrollees on a prepaid basis, except for enrollees responsibility for co-payments and deductibles, and qualifies as a health maintenance organization under the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3401 *et seq.*).".

TITLE VI. FISCAL IMPACT STATEMENT.

Sec. 601. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code §1-206.2(c)(3)).

TITLE VII. EFFECTIVE DATE.

Sec. 701. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 60-day period of Congressional review as provided in section 602(c)(2) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code §1-206.2(c)(2)), and publication in the District of Columbia Register.

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Chairman
Council of the District of Columbia

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Mayor
District of Columbia