

**304.38-040 Establishment of health maintenance organizations.**

- (1) A corporation, limited liability company, or partnership may apply to the commissioner for and obtain a certificate of authority to establish and operate a health maintenance organization in compliance with this subtitle.
- (2) Health maintenance organizations which are corporations may be organized by applying the provisions of KRS Chapter 271B, if for profit, and KRS Chapter 273, if for nonstock, nonprofit, to the extent that the same are not inconsistent with the express provisions of this subtitle.
- (3) Each application for a certificate of authority shall be submitted to the commissioner upon a form prescribed by the commissioner and shall set forth or be accompanied by:
  - (a) Evidence that the applicant has been issued a certificate of need in accordance with the provisions of KRS Chapter 216B or evidence that no certificate of need is required by KRS Chapter 216B;
  - (b) Articles of incorporation, articles of organization, partnership agreement, or other applicable documents in quadruplicate, acknowledged and verified by the applicant;
  - (c) The initial bylaws, operating agreement, or other equivalent documents of the organization in triplicate, or any other similar documents;
  - (d) A statement which shall include describing the health maintenance organization:
    1. The health services to be offered;
    2. The financial risks to be assumed;
    3. The initial geographic area to be served;
    4. Pro forma financial projections for the first three (3) years of operations including the assumptions the projections are based upon;
    5. The sources of working capital and funding;
    6. A description of the persons to be covered by the health maintenance organization;
    7. Any proposed reinsurance arrangements;
    8. Any proposed management, administrative, or cost-sharing arrangements; and
    9. A description of the health maintenance organization's proposed method of marketing;
  - (e) The names, addresses, and positions of the initial board of directors, board of trustees, or other governing body responsible for the conduct of the affairs of the applicant;
  - (f) Any proposed evidence of coverage to be issued by the applicant to individuals, enrollees, groups, or other contract holders; and
  - (g) Evidence of financial responsibility as provided in KRS 304.38-060.

**Effective:** July 15, 2010

**History:** Amended 2010 Ky. Acts ch. 24, sec. 1500, effective July 15, 2010; and repealed and reenacted ch. 51, sec. 136, effective July 15, 2010. -- Amended 2007 Ky. Acts ch. 137, sec. 136, effective June 26, 2007. -- Amended 2002 Ky. Acts ch. 105, sec. 32, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 427, sec. 3, effective July 14, 2000. -- Amended 1986 Ky. Acts ch. 437, sec. 26, effective July 15, 1986. -- Amended 1980 Ky. Acts ch. 135, sec. 31, effective July 15, 1980. -- Created 1974 Ky. Acts ch. 357, subtit. 38, sec. 4, effective June 21, 1974.

**Legislative Research Commission Note (7/15/2010).** This section was amended by 2010 Ky. Acts ch. 24 and repealed and reenacted by 2010 Ky. Acts ch. 51. These Acts do not appear to be in conflict and have been codified together pursuant to 2010 Ky. Acts ch. 51, sec. 184.

**Legislative Research Commission Note (7/15/2010).** 2010 Ky. Acts ch. 51, sec. 183, provides, "The specific textual provisions of Sections 1 to 178 of this Act which reflect amendments made to those sections by 2007 Ky. Acts ch. 137 shall be deemed effective as of June 26, 2007, and those provisions are hereby made expressly retroactive to that date, with the remainder of the text of those sections being unaffected by the provisions of this section."