

By Mr. Reinstein of Revere, petition of William G. Reinstein for legislation to regulate adverse selections of health care in certain insurance laws. Insurance.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Ninety-Five.

AN ACT RELATIVE TO ADVERSE SELECTION IN HEALTH CARE PRODUCTS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 3 of Chapter 176G of the General Laws,  
2 as appearing in the 1990 Official Edition, is hereby amended by  
3 striking out the section and inserting in place thereof the  
4 following: —

5 Section 3. A carrier or any two or more such companies, corpo-  
6 rations, or their subsidiaries or affiliates may: 1) organize and  
7 operate a health maintenance organization as a line of business,  
8 division, department, subsidiary or affiliate under the provisions  
9 of this chapter provided that where such is organized as a line of  
10 business, division, department, subsidiary or affiliate, the opera-  
11 tion of the health maintenance organization shall be separately  
12 accounted for and the income and expenses shall be allowed in  
13 accordance with generally accepted accounting principles: 2) con-  
14 tract with a health maintenance organization to provide insurance,  
15 reinsurance, health services, reimbursement for health services or  
16 similar protection against the cost of care provided through the  
17 health maintenance organization; 3) contract with a health main-  
18 tenance provide coverage, health services or reimbursement for  
19 health services in the event of the failure of the health mainte-  
20 nance organization to meet its obligations under the health main-  
21 tenance contracts issued by it or a carrier; 4) contract with a health  
22 maintenance organization to provide administrative, underwriting,  
23 financing or other services relating to the provision of hospital,  
24 medical or other health services or reimbursement therefor;

25 5) contract with a health maintenance organization to enroll mem-  
26 bers on behalf of the health maintenance organization to or issue  
27 its own certificate or benefits for the covered health services pro-  
28 vided by the health maintenance organization; and 6) contract  
29 with a health maintenance organization for the joint administra-  
30 tion of their business or for the writing and issue by the health  
31 maintenance organization, the carrier, or both jointly, of health  
32 maintenance contracts binding upon the carrier.

1 SECTION 2. Section 5 of chapter 176I of the General Laws, as  
2 appearing in the 1990 Official Edition, is hereby amended by  
3 striking the section, and inserting in place thereof, the following: —

4 Section 5. The operation of a preferred provider arrangement  
5 shall be separately accounted for and the income and expenses  
6 shall be allocated in accordance with generally accepted  
7 accounting principles.