

This will acknowledge your recent request for information relative to obtaining a Certificate of Authority to transact business in this state as a Health Maintenance Organization.

In order to consider an application for such authority it will be necessary to file the following information as outlined in KSA 40-3203:

1. An original Application for Certificate of Authority verified by an officer of the company or other authorized representative.
2. Copy of the basic organizational documents of the organization such as the Articles of Incorporation, Partnership Agreements, Trust Agreements, Bylaws and/or other applicable documents.
3. A list of the names, addresses and official capacities of all persons who are responsible for the conduct of the organization's affairs, including all members of the governing board of directors, partners or members. Use the enclosed or similar form entitled Official List.
4. For entities domiciled in this state, a biographical sketch form and conflict of interest statement for each of the persons listed in number 3 above. Industry standard forms for this purpose are acceptable.
5. A detailed statement describing the organization, i.e. enrollment process; plan of operation; quality assurance mechanism including peer review; internal grievance procedures; methods for enrollee participation in organizational affairs; geographic areas to be served, location and hours of operation of staff facilities (if applicable); the type, specialty and number of health care personnel; the record keeping system to be used to provide documentation of utilization; a description of the medical record system to be utilized, and any other applicable information.
6. Copies of each type of provider agreement, each with a specific form number in the lower left hand corner of the front page.
7. A copy of all contract (group service agreement) forms, certificates, benefit schedules and endorsement forms providing benefits to enrollees, also identified with specific form numbers.
8. The actuarial assumptions, rates and/or rating formulas and manuals for all contract forms submitted.
9. A statement as to whether or not the entity will be marketing to groups of 50 or fewer eligible enrollees.

10. Evidence of all applicable insurance coverages such as errors and omissions, fidelity and surety bond, general liability insurance, insolvency and stop-loss coverages, and any other appropriate insurance as may be required by K.S.A. 40-3203(b)(11).
11. The following financial information required by K.S.A. 40-3203(b)(7) should be provided:
 - a. A description of financing arrangements for operational deficits and for developmental costs if the entity has been operational for one year or less.
 - b. A copy of the most recent unaudited financial statements of the health maintenance organization.
 - c. Financial projections using an accrual accounting system with generally accepted accounting principles for a minimum of three (3) years from the anticipated date of certification. For a more detailed description of the required projections refer to K.S.A. 40-3203(b)(7)(C). In addition to the projections, a detailed narrative identifying and justifying the assumptions considered when making the projections should be included.
12. An explanation as to how you intent to satisfy the deposit requirements of K.S.A. 40-3227.
13. For your information, HMO's admitted in Kansas are considered members of the Kansas Health Insurance Association and could be subject to assessment pursuant to the provisions of K.S.A. 40-2121.
14. For your information, the following additional Kansas insurance statutes apply to Health Maintenance Organizations and should be reviewed for any specific filing requirements:
 - a. KSA 40-204, 205, 205a Issuance of permits required for the sale of stock
 - b. KSA 40-239, 240 Agent Licensing
 - c. KSA 40-2,100; 2,101; 2,102; 2,104; 2,105; 2,114 Reimbursement of certain licensed Practitioners
 - d. KSA 40-2,102 Newborn Infant, Immunization and Birth Mother coverages
 - e. KSA 40-2,103 Applicability of jurisdiction
 - f. KSA 40-2,105 Minimum benefits for nervous and mental, drug and alcohol coverages
 - g. KSA 40-2,108 Regulatory authority
 - h. KSA 40-2,111 through 2,113 Adverse Underwriting Decisions
 - i. KSA 40-2117 through 2131 Kansas Uninsurable Health Insurance Plan Act
 - j. KSA 40-2202 Policy Form Requirements
 - k. KSA 40-2203 Standard Provisions relating primarily to non-group contracts insofar as they may be applicable to an HMO contract. A Legal Action provision [40-2203(A)(11)] should always be included
 - l. KSA 40-2205 Representations in Applications
 - m. KSA 40-2209 Group Insurance, eligibility, required provisions, conversion
 - n. KSA 40-2209b through 2209p Small Group requirements. Please note the changes to these statutes contained in 1998 House Substitute for Senate Bill 439

- o. KSA 40-2215 Filing of forms, rating requirements
- p. KSA 40-2229 Scope of provisions
- q. KSA 40-2230 Mammography screening required benefits
- r. KSA 40-2251 Statistical Plans
- s. KSA 40-2258 Mental Health Parity
- t. KSA 40-2259 Genetic Testing
- u. KSA 40-22a0l, et seq. Utilization Review
- v. KSA 40-2401, et seq. Regulation of Certain Trade Practices
- w. KSA 40-3301, et seq. Insurance Holding Companies
- x. KSA 40-4601, et seq. Patient Protection Act

Access to these statutes may be available at the following internet address:

<http://www.ksinsurance.org>

15. In addition to the above statutes, certain administrative regulations that have been authorized by these statutes may be applicable. These regulations may be found in KAR-40-1-1 through 40-1-44, 40-4-1 through 40-4-41g, 40-7-1 through 40-7-25, 40-9-1, 40-9-100, 40-12-1 et seq., and 40-13-1 et seq.

The application, all accompanying documents and the \$150.00 filing fee required by K.S.A. 40-3213(a)(1) must be submitted with a letter of transmittal. If you desire a stamped, returned copy of any material, that material should be submitted in duplicate. Submitting additional copies of all material could also expedite the review process.

If you have any questions regarding the requirements set forth above, please do not hesitate to contact me.

Very truly yours,

Jay J. Rogers
Accident and Health Division

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