

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**SENATE BILL**  
**No. 1509** Session of  
1980

INTRODUCED BY COPPERSMITH, HESS, LINCOLN AND HOPPER,  
SEPTEMBER 15, 1980

AS REPORTED FROM COMMITTEE ON HEALTH AND WELFARE,  
HOUSE OF REPRESENTATIVES, AS AMENDED, NOVEMBER 17, 1980

AN ACT

1 Amending the act of December 29, 1972 (P.L.1701, No.364),  
2 entitled "An act providing for the establishment of nonprofit  
3 corporations having the purpose of establishing, maintaining  
4 and operating a health service plan; providing for  
5 supervision and certain regulations by the Insurance  
6 Department and the Department of Health; giving the Insurance  
7 Commissioner and the Secretary of Health certain powers and  
8 duties; exempting the nonprofit corporations from certain  
9 taxes and providing penalties," further providing for the  
10 establishment, organization, operation and supervision of  
11 health maintenance organizations, providing for the powers  
12 and duties of the Secretary of Health and the Insurance  
13 Commissioner, and changing certain penalties.

14 The General Assembly of the Commonwealth of Pennsylvania  
15 hereby enacts as follows:

16 SECTION 1. Sections 1, 2, 3 and 4, act of December 29, 1972 <—  
17 (P.L.1701, No.364), known as the "Voluntary Nonprofit Health  
18 Service Act of 1972," are amended to read:

19 Section 1. Short Title.--This act shall be known and may be  
20 cited as the ["Voluntary Nonprofit Health Service Act of 1972."]  
21 "Health Maintenance Organization Act."

22 Section 2. Purpose.--The purpose of this act is to permit

1 and encourage the formation and regulation of [health service  
2 plans to the end that the needs of the citizens of the  
3 Commonwealth for high quality, economical, and convenient health  
4 care services are satisfied; that unnecessary fragmentation and  
5 dehumanization of services are eliminated; that primary health  
6 care services are expanded to insure their availability to all  
7 citizens; and health care resources are more efficiently  
8 utilized.] health maintenance organizations and to authorize the  
9 Secretary of Health to provide technical advice and assistance  
10 to corporations desiring to establish, operate and maintain a  
11 health maintenance organization to the end that increased  
12 competition and consumer choice offered by diverse health  
13 maintenance organizations can constructively serve to advance  
14 the purposes of quality assurance, cost-effectiveness and  
15 access.

16 Section 3. Definitions.--As used in this act:

17 "Basic health services" means those health services,  
18 including as a minimum, but not limited to, emergency care,  
19 inpatient hospital and physician care, ambulatory physician  
20 care, and outpatient and preventive medical services.

21 [(1)] "Court" means the Commonwealth Court of Pennsylvania.

22 [(2)] "Commissioner" means the Insurance Commissioner of the  
23 Commonwealth of Pennsylvania.

24 "Direct provider" means an individual who is a direct  
25 provider of health care services under a benefit plan of a  
26 health maintenance organization or an individual whose primary  
27 current activity is the administration of health facilities in  
28 which such care is provided. An individual shall not be  
29 considered a direct provider of health care solely because the  
30 individual is a member of the governing body of a health-related

1 organization.

2 "Health maintenance organization" means an organized system  
3 which combines the delivery and financing of health care and  
4 which provides basic health services to voluntarily enrolled  
5 subscribers for a fixed prepaid fee.

6 [(3)] "Secretary" means the Secretary of Health of the  
7 Commonwealth of Pennsylvania.

8 [(4) "Medical care foundation" means an organization  
9 established and controlled by the State and/or county medical  
10 societies as a separate corporation with its own board of  
11 directors.]

12 Section 4. Services Which [May] Shall be Provided.--(a) Any  
13 law to the contrary notwithstanding, [corporations not for  
14 profit organized under the laws of the Commonwealth of  
15 Pennsylvania, upon compliance with section 14 of Article I of  
16 the act of May 5, 1933 (P.L.289, No.105), known as the  
17 "Nonprofit Corporation Law," may establish, maintain and operate  
18 voluntary nonprofit health service plans by which health  
19 services are provided at the expense of such corporations or  
20 through facilities, appliances, medicines, or supplies owned,  
21 operated or furnished by such corporations to such persons who  
22 become subscribers to such plans under contracts which entitle  
23 the subscribers to certain medical, dental, hospital or other  
24 services related thereto.] any corporation may establish,  
25 maintain and operate a health maintenance organization upon  
26 receipt of a certificate of authority to do so in accordance  
27 with this act.

28 (b) Such [contracts {may}] HEALTH MAINTENANCE ORGANIZATIONS <—  
29 shall:

30 (1) Provide either directly or through arrangements with

1 others, basic health services to individuals enrolled;

2 (2) Provide either directly or through arrangements with  
3 other persons, corporations, institutions, associations or  
4 entities, [those health services which a defined population  
5 might reasonably require in order to be maintained in good  
6 health, including as a minimum, but not limited to, emergency  
7 care, inpatient hospital and physician care, ambulatory  
8 physician care, and outpatient preventive medical services]  
9 basic health services; and

10 (3) Provide physicians' services (i) directly through  
11 physicians who are employes of such organization, [or] (ii)  
12 under arrangements with one or more groups of physicians  
13 (organized on a group practice or individual practice basis)  
14 under which each such group is reimbursed for its services  
15 primarily on the basis of an aggregate fixed sum or on a per  
16 capita basis, regardless of whether the individual physician  
17 members of any such group are paid on a fee-for-service or other  
18 basis or (iii) under similar arrangements which are found by the  
19 secretary to provide adequate financial incentives for the  
20 provision of quality and cost-effective care.

21 Section 2. Sections 5 and 6 of the act are repealed.

22 Section 3. The act is amended by adding sections to read:

23 Section 5.1. Certificate of Authority.--(a) Every  
24 application for a certificate of authority under this act shall  
25 be made to the commissioner and secretary in writing and shall  
26 be in such form and contain such information as the regulations  
27 of the Departments of Insurance and Health may require.

28 (b) A certificate of authority shall be jointly issued by  
29 order of the commissioner and secretary when they find and  
30 determine that the applicant:

<—

1     (1) THE SECRETARY HAS FOUND AND DETERMINED THAT THE  
2     APPLICANT:

3     ~~(1)~~ (I) has demonstrated the potential ability to assure  
4     both availability and accessibility of adequate personnel and  
5     facilities in a manner enhancing availability, accessibility and  
6     continuity of services;

7     ~~(2)~~ (II) has arrangements for an ongoing quality of health  
8     care assurance program; AND

9     ~~(3)~~ (III) has appropriate mechanisms whereby the health  
10    maintenance organization will effectively provide or arrange for  
11    the provision of basic health care services on a prepaid basis;  
12    and

13    ~~(4)~~ (2) THE COMMISSIONER HAS FOUND AND DETERMINED THAT THE  
14    APPLICANT has a reasonable plan to operate the health  
15    maintenance organization in a financially sound manner and is  
16    reasonably expected to meet its obligations to enrollees and  
17    prospective enrollees. In making this determination, the  
18    commissioner and secretary may consider:

19       (i) The adequacy of working capital and funding sources.

20       (ii) Arrangements for insuring the payment of the cost of  
21    health care services or the provision for automatic  
22    applicability of an alternative coverage in the event of  
23    discontinuance of the health maintenance organization.

24       (iii) Any agreement with providers of health care services  
25    whereby they assume financial risk for the provision of services  
26    to subscribers.

27       (iv) Any deposit of cash, or guaranty or maintenance or  
28    minimum restricted reserves which the commissioner, by  
29    regulation, may adopt to assure that the obligations to  
30    subscribers will be performed.

1     (c) Within ninety days of receipt of a completed application  
2 for a certificate of authority, the commissioner and secretary  
3 shall jointly either:

4     (1) approve the application and issue a certificate of  
5 authority; or

6     (2) disapprove the application specifying in writing the  
7 reasons for such disapproval. Any disapproval of an application  
8 may be appealed in accordance with Title 2 of the Pennsylvania  
9 Consolidated Statutes (relating to administrative law and  
10 procedure).

11     Section 6.1. Foreign Health Maintenance Organizations.--(a)  
12 A health maintenance organization approved and regulated under  
13 the laws of another state may be authorized by issuance of a  
14 certificate of authority to operate or do business in this  
15 Commonwealth by satisfying the commissioner and the secretary  
16 that it is fully and legally organized under the laws of its  
17 state, and that it complies with all requirements for health  
18 maintenance organizations organized within the Commonwealth.

19     (b) The commissioner and the secretary may waive or modify  
20 the provisions of this act under which they have the authority  
21 to act if they determine that the same are not appropriate to a  
22 particular health maintenance organization of another state,  
23 that such waiver or modification will be consistent with the  
24 purposes and provisions of this act, and that it will not result  
25 in unfair discrimination in favor of the health maintenance  
26 organization of another state.

27     (c) The commissioner and the secretary are hereby authorized  
28 and directed to develop with other states reciprocal licensing  
29 agreements concerning the licensure of health maintenance  
30 organizations which permit the commissioner and the secretary to

1 accept audits, inspections and reviews of agencies from other  
2 states to determine whether health maintenance organizations  
3 licensed in other states meet Commonwealth requirements.

4 Section 4. Sections 7, 8, 9, 10, 11, 12 and 13 of the act  
5 are amended to read:

6 Section 7. Board of Directors.--[A majority of the board of  
7 directors of any corporation organized under this act shall be  
8 subscribers or representatives of groups of subscribers. No more  
9 than ten per cent of the membership of the board of directors  
10 may be providers of health care services or professional  
11 employes of any hospital or other agency which is a provider of  
12 health care services, and such provider members of the board  
13 shall not constitute a majority of the membership of any  
14 committee appointed by the board.] A corporation receiving a  
15 certificate of authority to operate a health maintenance  
16 organization under the provisions of this act shall be organized  
17 in such a manner that assures that at least one-third of the  
18 membership of the board of directors of the health maintenance  
19 organization will be subscribers of the organization. The board  
20 of directors shall be elected in the manner stated in the  
21 corporation's charter or bylaws. [Such board shall serve without  
22 compensation, but may be reimbursed for actual expenses incurred  
23 in carrying out their duties as members of the board of  
24 directors. The corporation may provide in its bylaws for the  
25 creation of a medical advisory board.]

26 Section 8. Contracts with Practitioners, Hospitals,  
27 Insurance Companies, Etc.--(a) Contracts enabling the  
28 corporation to provide the services authorized under section 4  
29 of this act made with hospitals and practitioners of medical,  
30 dental and related services shall be filed with the

1 [commissioner] secretary. The [commissioner] secretary shall  
2 have power to require immediate renegotiation of such contracts  
3 whenever he determines that they provide for excessive payments,  
4 or that they fail to include reasonable incentives for cost  
5 control, or that they otherwise substantially and unreasonably  
6 contribute to escalation of the costs of providing health care  
7 services to subscribers, or that they are otherwise inconsistent  
8 with the purposes of this act.

9 (b) A [health service plan] health maintenance organization  
10 may reasonably contract with any individual, partnership,  
11 association, corporation or organization for the performance on  
12 its behalf of other necessary functions including, but not  
13 limited to, marketing, enrollment, and administration, and may  
14 contract with an insurance company authorized to do an accident  
15 and health business in this State or a hospital plan corporation  
16 or a professional health service corporation for the provision  
17 of insurance or indemnity or reimbursement against the cost of  
18 health care services provided by the [health service plan]  
19 health maintenance organization as it deems to be necessary.  
20 Such contracts shall be filed with the commissioner.

21 Section 9. Right to Serve or Benefits When Outside the  
22 State.--If a subscriber entitled to services provided by the  
23 corporation necessarily incurs expenses for such services while  
24 outside the service area, the [voluntary nonprofit health  
25 service corporation] health maintenance organization to which  
26 the person is a subscriber may, in its discretion and if  
27 satisfied both as to the necessity for such services and that it  
28 was such as the subscriber would have been entitled to under  
29 similar circumstances in the service area, reimburse the  
30 subscriber or pay on his behalf all or part of the reasonable



1 expenses incurred for such services. Such decision for  
2 reimbursement shall be subject to review by the commissioner at  
3 the request of a subscriber.

4 Section 10. Supervision.--[(a) The corporation shall be  
5 subject to supervision by the commissioner and the secretary as  
6 provided by this act. It shall not be subject to the laws of  
7 this State now in force relating to health service plans or to  
8 insurance corporations engaged in the business of insurance nor  
9 to any law hereafter enacted relating to health service plans or  
10 to insurance and corporations engaged in the business of  
11 insurance, unless such law specifically and in exact terms  
12 applies to such voluntary nonprofit health services  
13 corporations.

14 (b) All rates charged subscribers or groups of subscribers  
15 by the corporation and the form and content of all contracts  
16 between the corporation and its subscribers or groups of  
17 subscribers, all rates of payments to hospitals made by such  
18 corporation pursuant to the contracts provided for in this act,  
19 budgeted acquisition costs in connection with the solicitation  
20 of subscribers to such hospital plans, the reserves to be  
21 maintained by such corporation, and the certificates issued by  
22 such corporation representing their subscribers' agreements  
23 shall, at all times, be subject to the prior approval of the  
24 commissioner. Applications for such approval shall be made to  
25 the commissioner in such form, and shall set forth such  
26 information as the commissioner may require. Rates shall not be  
27 excessive, inadequate or unfairly discriminatory in relation to  
28 the services offered. Upon the review at any time by the  
29 commissioner of an application, he shall, if requested by  
30 applicant before issuing an order of disapproval hold a hearing

1 upon not less than ten days' written notice, specifying the  
2 matters to be considered at such hearing, to the corporation  
3 which made such application, and if, after such hearing, he  
4 finds that such application or a part thereof does not meet the  
5 requirements of this act he shall issue an order specifying in  
6 what respects he finds that it so fails and notice thereof shall  
7 forthwith be served on the applicant, either personally or by  
8 mail. For purposes of this section, the Administrative Agency  
9 Law shall be applicable.] (a) Except as otherwise provided in  
10 this act, a health maintenance organization operating under the  
11 provisions of this act shall not be subject to the laws of this  
12 State now in force relating to insurance corporations engaged in  
13 the business of insurance nor to any law hereafter enacted  
14 relating to the business of insurance unless such law  
15 specifically and in exact terms applies to such health  
16 maintenance organization. For a health maintenance organization  
17 established, operated and maintained by a corporation, this  
18 exemption shall apply only to the operations and subscribers of  
19 the health maintenance organization.

20 (b) All health maintenance organizations shall be subject to  
21 the following insurance laws:

22 (1) The act of July 22, 1974 (P.L.589, No.205), known as the  
23 "Unfair Insurance Practices Act."

24 (2) Any rehabilitation, liquidation or conservation of a  
25 health maintenance organization shall be deemed to be the  
26 rehabilitation, liquidation or conservation of an insurance  
27 company and shall be conducted under the supervision of the  
28 commissioner pursuant to the law governing the rehabilitation,  
29 liquidation, or conservation of insurance companies.

30 (c) All rates charged subscribers or groups of subscribers

1 by a health maintenance organization and the form and content of  
2 all contracts between a health maintenance organization and its  
3 subscribers or groups of subscribers, all rates of payment to  
4 hospitals made by a health maintenance organization pursuant to  
5 contracts provided for in this act, budgeted acquisition costs  
6 in connection with the solicitation of subscribers, and the  
7 certificates issued by a health maintenance organization  
8 representing its agreements with subscribers shall, at all  
9 times, be on file with the commissioner and be deemed approved  
10 unless explicitly rejected within sixty days of filing. Filings  
11 shall be made to the commissioner in such form, and shall set  
12 forth such information as the commissioner may require to carry  
13 out the provisions of this act. Any disapproval of a filing by  
14 the commissioner may be appealed in accordance with Title 2 of  
15 the Pennsylvania Consolidated Statutes (relating to  
16 administrative law and procedure).

17     ~~[(c)]~~ (d) Solicitors or agents compensated directly or  
18 indirectly by any corporation subject to the provisions of this  
19 act shall meet such prerequisites as the commissioner by  
20 regulation shall require.

21     (e) A health maintenance organization shall establish and  
22 maintain a grievance resolution system satisfactory to the  
23 secretary, whereby the complaints of its subscribers may be  
24 acted upon promptly and satisfactorily.

25     (F) IF A HEALTH MAINTENANCE ORGANIZATION OFFERS EYE CARE <—  
26 WHICH IS WITHIN THE SCOPE OF THE PRACTICE OF OPTOMETRY, IT SHALL  
27 MAKE OPTOMETRIC CARE AVAILABLE TO ITS SUBSCRIBERS, AND SHALL  
28 MAKE THE SAME REIMBURSEMENT WHETHER THE SERVICE IS PROVIDED BY  
29 AN OPTOMETRIST OR A PHYSICIAN.

30     Section 11. [Financial Report] Reports and Examinations.--

1 (a) The corporation shall, on or before the first of March of  
2 every year, file with the commissioner a statement verified by  
3 at least two of the principal officers of the corporation  
4 summarizing its financial activities during the calendar or  
5 fiscal year immediately preceding, and showing its financial  
6 condition at the close of business on December 31 of that year,  
7 or the corporation's fiscal year. Such statement shall be in  
8 such form and shall contain such matter as the commissioner  
9 prescribes. The financial affairs and status of every such  
10 corporation shall be examined by the commissioner or his agents  
11 not less frequently than once in every three years and for this  
12 purpose the commissioner and his agents shall be entitled to the  
13 aid and cooperation of the officers and employees of the  
14 corporation and shall have convenient access to all books,  
15 records, papers, and documents that relate to the [business]  
16 financial affairs of the corporation. They shall have authority  
17 to examine under oath or affirmation the officers, agents,  
18 employees and subscribers for the health services of the  
19 corporation, and all other persons having or having had  
20 substantial part in the work of the corporation in relation to  
21 its affairs, transactions and financial condition. The Insurance  
22 Commissioner may at any time, without making such examination,  
23 call on any such corporation for a written report authenticated  
24 by at least two of its principal officers concerning the  
25 financial affairs and status of the corporation.

26 (b) A health maintenance organization CORPORATION shall <—  
27 maintain its financial records in such manner that the revenues  
28 and expenses associated with the establishment, maintenance and  
29 operation of its prepaid health care delivery system under the  
30 act are identifiable and distinct from other activities it may

1 engage in which are not directly related to the establishment,  
2 maintenance and operation of its prepaid health care delivery  
3 system under this act.

4 (c) The secretary or his agents shall have free access to  
5 all the books, records, papers and documents that relate to the  
6 business of the corporation, other than financial.

7 Section 12. Contracts to Provide Medical Care.--A [nonprofit  
8 health service plan] health maintenance organization established  
9 pursuant to this act may receive and accept from governmental or  
10 private agencies payments covering all or part of the cost of  
11 subscriptions to provide its services, facilities, appliances,  
12 medicines or supplies.

13 Section 13. Exemption from Taxation.--Every [voluntary  
14 nonprofit health services corporation] health maintenance  
15 organization established, maintained and operated by a  
16 corporation not-for-profit is hereby declared to be a charitable  
17 and benevolent institution and all its income, funds,  
18 investments and property shall be exempt from all taxation of  
19 the State or its political subdivisions.

20 Section 5. Section 15 of the act, repealed in part April 28,  
21 1978 (P.L.202, No.53), is amended to read:

22 Section 15. Penalty.--[(a) Upon satisfactory evidence that a  
23 person, partnership, association, common law trust or  
24 corporation or any agent or officer thereof has violated any  
25 provision of this act or has made any false statement with  
26 respect to any report or statement required by this act or  
27 required by the commissioner or secretary under this act, or has  
28 hindered or prevented the commissioner or secretary in the  
29 performance of any duty imposed on them by this act, or has  
30 fraudulently procured or has fraudulently attempted to procure

1 any personal benefit under this act, the commissioner or  
2 secretary, whichever is appropriate, may, in his discretion,  
3 pursue any one or more of the following courses of action:

4 (1) Suspend or revoke the articles of incorporation or the  
5 right of a person to engage in the transactions of a corporation  
6 or similar entity of such offending party or parties.

7 (2) Impose a penalty of not more than one thousand dollars  
8 (\$1,000) for each and every unlawful act committed by such party  
9 or parties.] (a) The commissioner and secretary may suspend or  
10 revoke any certificate of authority issued to a health  
11 maintenance organization under this act, or, in their  
12 discretion, impose a penalty of not more than one thousand  
13 (\$1,000) dollars for each and every unlawful act committed, if  
14 they find that any of the following conditions exist:

15 (1) that the health maintenance organization is providing  
16 inadequate or poor quality care, thereby creating a threat to  
17 the health and safety of its subscribers;

18 (2) that the health maintenance organization is unable to  
19 fulfill its contractual obligations to its subscribers;

20 (3) that the health maintenance organization or any person  
21 on its behalf has advertised its services in an untrue,  
22 misrepresentative, misleading, deceptive or unfair manner; or

23 (4) that the health maintenance organization has otherwise  
24 failed to substantially comply with this act.

25 (b) Before the commissioner or secretary, whichever is  
26 appropriate, shall take any action as above set forth, he shall  
27 give written notice to the [person, partnership, association,  
28 common law trust or corporation] health maintenance  
29 organization, accused of violating the law, stating specifically  
30 the nature of such alleged violation and fixing a time and

1 place, at least ten days thereafter, when a hearing of the  
2 matter shall be held. [After such hearing or upon failure of the  
3 accused to appear at such hearing, the commissioner or  
4 secretary, whichever is appropriate, shall impose such of the  
5 above penalties as he deems advisable.] Hearing procedure and  
6 appeals from decisions of the commissioner or secretary shall be  
7 as provided in Title 2 of the Pennsylvania Consolidated Statutes  
8 (relating to administrative law and procedure).

9 Section 6. Sections 16 and 17 of the act are amended to  
10 read:

11 Section 16. Exclusions.--[The provisions of this act shall <—  
12 not apply to:

13 †(1) Health service plans offered by hospitals or associated <—  
14 groups of hospitals or nonprofit corporations organized by  
15 hospitals for the furnishing of health services, or

16 (2) Health service plans offered by the Medical Care  
17 Foundation for the furnishing of health services, or

18 (3) Health service plans offered by proprietary corporations  
19 for the furnishing of health services.] CERTIFICATES OF <—  
20 AUTHORITY SHALL NOT BE REQUIRED OF:

21 (1) Health maintenance organizations offered by employers  
22 for the exclusive enrollment of their own employees, or by unions  
23 for the sole use of their members.

24 (2) Any PLAN, PROGRAM OR SERVICE OFFERED BY AN employer for <—  
25 the prevention of disease among his employees.

26 Section 17. Effect of Act on Other Plans.--[This act shall  
27 not apply to the following plans, programs or services so long  
28 as no substantial changes in operation are made other than the  
29 expansion of benefits similar in nature to those presently being  
30 provided:

(1) Corporations organized and existing in accordance with and pursuant to the act of May 5, 1933 (P.L.289), known as the "Nonprofit Corporation Law," and pursuant to the act of June 21, 1937 (P.L.1948), known as the "Nonprofit Hospital Plan Act."

(2) Corporations organized and existing in accordance with and pursuant to the act of June 27, 1939 (P.L.1125), known as the "Nonprofit Medical, Osteopathic, Dental and Podiatry Service Corporation Act."

(3) Corporations organized and existing in accordance with and pursuant to the act of December 9, 1955 (P.L.819), known as the "Nonprofit Dental Service Corporation Act."

(4) Any person for the prevention of disease among his employees.

(5) Any person when required under the act of June 2, 1915 (P.L.736), known as "The Pennsylvania Workmen's Compensation Act," and related legislation when the employe is not charged for such service.

(6) Any insurance company or other corporation or society which is being regulated by the Insurance Department at the time of the enactment of this act.

(7) Any medical or health service plan in existence and functioning for at least two years prior to the effective date of this act.]

~~Any requirements or privileges granted under this act shall~~ <—

(A) ANY REQUIREMENTS OR PRIVILEGES GRANTED UNDER THIS ACT <—  
SHALL apply exclusively to that portion of business or  
activities which reasonably relates to the establishment,  
maintenance and operation of a health maintenance organization  
pursuant to the provisions of this act.

(B) ANY HEALTH MAINTENANCE ORGANIZATION PROGRAM APPROVED BY <—



1 THE COMMISSIONER OR SECRETARY AND OPERATING UNDER THE PROVISIONS  
2 OF 40 PA.C.S. CH.61 (RELATING TO HOSPITAL PLAN CORPORATIONS) OR  
3 40 PA.C.S. CH.63 (RELATING TO PROFESSIONAL HEALTH SERVICE  
4 CORPORATIONS) OR UNDER ANY STATUTE SUPERSEDED BY EITHER OF SUCH  
5 STATUTES, PRIOR TO THE EFFECTIVE DATE OF THIS ACT, MAY CONTINUE  
6 TO OPERATE UNDER THE PROVISIONS OF SUCH AUTHORITY OR SUCCESSOR  
7 PROVISIONS, IF ANY.

8 Section 7. Section 18 of the act is repealed.

9 Section 8. (a) This act shall take effect in 60 days.

10 (b) The commissioner and the secretary shall jointly, on the  
11 effective date of this act, issue a health maintenance  
12 organization certificate of authority to each organization  
13 previously approved as a voluntary nonprofit health service plan  
14 by the Insurance Commissioner and Secretary of Health.