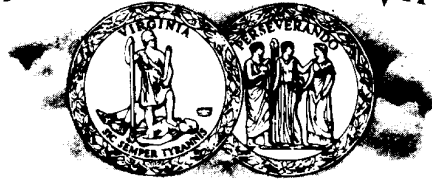


COMMONWEALTH OF VIRGINIA



STEVEN T. FOSTER
COMMISSIONER OF INSURANCE

Box 1157
RICHMOND, VA 23209
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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

October 30, 1992

ADMINISTRATIVE LETTER 1992-22

TO: ALL HEALTH MAINTENANCE ORGANIZATIONS

RE: COMPLIANCE WITH VIRGINIA CODE SECTION 38.2-4311

Effective July 1, 1992, Virginia Code Section 38.2-4311 was amended as follows:

Each health maintenance organization shall file with the Commission a list of the current providers who have executed a contract directly with the health maintenance organization or indirectly through an intermediary organization. The list shall include names and localities of all providers who have signed a contract with the health maintenance organization or an intermediary organization. The list shall be updated by the health maintenance organization as of each calendar quarter ending December 31, March 31, June 30 and September 30, and shall be filed on or before March 1, May 15, August 15 and November 15 respectively each year.

Starting with the third quarter 1992, ending September 30, 1992, all HMOs licensed to do business in Virginia must file provider lists on or before the due dates as listed above. The provider lists must comply with the requirements of Virginia Code Section 38.2-4311.A and include both the name and business address of each provider.

Administrative Letter 1992-22
October 30, 1992
page 2

Please also note that although Subsection 38.2-4311.A no longer requires the filing of provider contracts with the State Corporation Commission, all provider contracts must comply with the mandatory contract provisions set forth by Subsection 38.2-4311. B in regard to holdharmless provisions, termination, and assignment. A new Subsection 38.2-4311.C extends these requirements to intermediary organizations. In addition, a new Subsection 38.2-4311.D requires that each health maintenance organization and each intermediary organization be responsible for maintaining its executed contracts enabling it to provide health care services. These contracts shall be available for the review of the State Corporation Commission for a period of five years after the expiration of any such contract.

The new filing and contract retention set forth by Virginia Code Section 38.2-4311 supplement and replace the old filing requirements provided by Section 12.C of the Commission's Rules Governing Health Maintenance Organizations (Regulation 28).

Questions regarding this administrative letter should be directed to:

Susan S. Smith
Senior Insurance Examiner
State Corporation Commission
Bureau of Insurance
P. O. Box 1157
Richmond, Virginia 23209
(804) 786-4602

Sincerely,

A handwritten signature in dark ink, appearing to read "S. Foster", with a long horizontal line extending to the right.

Steven T. Foster
Commissioner of Insurance

C. Any contracts, including any amendments thereto, made with health care providers enabling a health maintenance organization to provide health care services shall be filed with the Commission pursuant to § 38.2-4311 of the Code of Virginia and may be used commencing fifteen days after their filing. Individual provider contracts shall not be required to be filed with the Commission provided that:

1. such contracts contain the same precise language as contained in a standard contract used by the health maintenance organization which has been filed with the Commission pursuant to § 38.2-4311 of the Code of Virginia;
2. a list, current within 90 days, of the names and locations of the providers who have signed the standard contract, including any amendments to the list, has been filed with the Commission; and
3. the health maintenance organization maintains a complete file of all contracts made with health care providers which shall be maintained for a period of at least 3 years after their expiration and which shall be subject to examination by the Commission.

Section 13. CONFORMITY WITH STATE LAW.

Any contract or evidence of coverage that contains any provision which conflicts with the requirements of this regulation or the provisions of Chapter 43 of Title 38.2 of the Code of Virginia shall not be rendered invalid but shall be construed