



General Assembly

Substitute Bill No. 1213

January Session, 2007

* SB01213INS__030807__ *

**AN ACT CONCERNING THE FINANCIAL SECURITY REQUIREMENT
FOR PREFERRED PROVIDER NETWORKS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (i) of section 38a-479aa of the general statutes
2 is repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2007*):

4 (i) Each preferred provider network shall maintain or arrange for a
5 letter of credit, bond, surety, reinsurance, reserve or other financial
6 security acceptable to the commissioner in an amount not to exceed
7 one million dollars for the exclusive use of paying any outstanding
8 amounts owed participating providers in the event of insolvency or
9 nonpayment except that any remaining security may be used for the
10 purpose of reimbursing managed care organizations in accordance
11 with subsection (b) of section 38a-479bb. Such outstanding amount
12 shall be at least an amount equal to the greater of (1) an amount
13 calculated on the basis of the two quarters within the past year with
14 the greatest amounts owed by the preferred provider network to
15 participating providers, (2) the actual outstanding amount owed by the
16 preferred provider network to participating providers, or (3) another
17 amount determined by the commissioner. Such amount may be
18 credited against the preferred provider network's minimum net worth
19 requirements set forth in subsection (h) of this section. The

20 commissioner shall review such security amount and calculation on a
21 quarterly basis.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2007</i>	38a-479aa(i)
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INS *Joint Favorable Subst.*