

HOUSE BILL NO. 2354

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Commerce and Energy

on _____)

(Patron Prior to Substitute--Delegate Orrock)

A BILL to amend and reenact §§ 38.2-3407.10 and 38.2-4319, as it is currently effective and as it shall become effective, of the Code of Virginia, relating to health care provider panels; continuity of care.

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-3407.10 and 38.2-4319, as it is currently effective and as it shall become effective, of the Code of Virginia are amended and reenacted as follows:

§ 38.2-3407.10. Health care provider panels.

A. As used in this section:

"Carrier" means:

- 1. Any insurer proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical or major medical coverage on an expense incurred basis;
- 2. Any corporation providing individual or group accident and sickness subscription contracts;
- 3. Any health maintenance organization providing health care plans for health care services;
- 4. Any corporation offering prepaid dental or optometric services plans; or
- 5. Any other person or organization that provides health benefit plans subject to state regulation, and includes an entity that arranges a provider panel for compensation.

"Enrollee" means any person entitled to health care services from a carrier.

"Provider" means a hospital, physician or any type of provider licensed, certified or authorized by statute to provide a covered service under the health benefit plan.

"Provider panel" means those providers with which a carrier contracts to provide health care services to the carrier's enrollees under the carrier's health benefit plan. However, such term does not

27 include an arrangement between a carrier and providers in which any provider may participate solely on
28 the basis of the provider's contracting with the carrier to provide services at a discounted fee-for-service
29 rate.

30 B. Any such carrier that offers a provider panel shall establish and use it in accordance with the
31 following requirements:

32 1. Notice of the development of a provider panel in the Commonwealth or local service area shall
33 be filed with the Department of Health Professions.

34 2. Carriers shall provide a provider application and the relevant terms and conditions to a provider
35 upon request.

36 C. A carrier that uses a provider panel shall establish procedures for:

37 1. Notifying an enrollee of:

38 a. The termination from the carrier's provider panel of ~~the enrollee's primary care~~ a provider who
39 was furnishing health care services to the enrollee or furnished health care services to the enrollee in the
40 six months prior to the notice; and

41 b. The right of an enrollee ~~upon request~~ to continue to receive health care services ~~for a period of~~
42 ~~up to 90 days from the date of~~ as provided in subsection F following the primary care provider's notice of
43 termination from a carrier's provider panel, except when a provider is terminated for cause.

44 The carrier shall provide notice required by this subdivision 1 prior to the date of the termination
45 of the provider, except when a provider is terminated for cause.

46 2. Notifying a provider at least 90 days prior to the date of the termination of the provider, except
47 when a provider is terminated for cause.

48 3. ~~Providing reasonable notice to primary care providers in the carrier's provider panel of the~~
49 ~~termination of a specialty referral services provider.~~

50 4. Notifying the purchaser of the health benefit plan, whether such purchaser is an individual or an
51 employer providing a health benefit plan, in whole or in part, to its employees and enrollees of the health
52 benefit plan of:

53 a. A description of all types of payment arrangements that the carrier uses to compensate providers
54 for health care services rendered to enrollees, including, ~~but not limited to,~~ withholds, bonus payments,
55 capitation, and fee-for-service discounts; and

56 b. The terms of the plan in clear and understandable language that reasonably informs the purchaser
57 of the practical application of such terms in the operation of the plan.

58 For the purposes of subdivisions 1 and 2, "provider" includes a provider group.

59 ~~D. Whenever a provider voluntarily terminates his contract with a carrier to provide health care~~
60 ~~services to the carrier's enrollees under a health benefit plan, he shall furnish reasonable notice of such~~
61 ~~termination to his patients who are enrollees under such plan.~~

62 ~~E.~~ A carrier may not deny an application for participation or terminate participation on its provider
63 panel on the basis of gender, race, age, sexual orientation, gender identity, religion or national origin.

64 ~~F.~~ E. 1. For A provider shall be permitted by the carrier to render health care services to any of the
65 carrier's enrollees for a period of at least 90 days from the date of the notice of a such provider's termination
66 from the carrier's provider panel, except when a provider is terminated for cause, the provider shall be
67 permitted by the carrier to render health care services to any of the carrier's enrollees who:

- 68 ~~a. Were in an active course of treatment from the provider prior to the notice of termination; and~~
- 69 ~~b. Request to continue receiving health care services from the provider.~~

70 2. Notwithstanding the provisions of subdivision 1, any provider shall be permitted by the carrier
71 to continue rendering health services to any enrollee who has ~~entered the second trimester of pregnancy~~
72 been medically confirmed to be pregnant at the time of a provider's termination of participation, except
73 when a provider is terminated for cause. Such treatment shall, at the enrollee's option, continue through
74 the provision of postpartum care directly related to the delivery.

75 3. Notwithstanding the provisions of subdivision 1, any provider shall be permitted by the carrier
76 to continue rendering health services to any enrollee who is determined to be terminally ill (as defined
77 under § 1861 (dd)(3)(A) of the Social Security Act) at the time of a provider's termination of participation,
78 except when a provider is terminated for cause. Such treatment shall, at the enrollee's option, continue for
79 the remainder of the enrollee's life for care directly related to the treatment of the terminal illness.

80 4. Notwithstanding the provisions of subdivision 1, any provider shall be permitted by the carrier
81 to continue rendering health services to any enrollee who has been determined by a medical professional
82 to have a life-threatening condition at the time of a provider's termination of participation,. Such treatment
83 shall, at the enrollee's option, continue for up to 180 days for care directly related to the life-threatening
84 condition.

85 5. Notwithstanding the provisions of subdivision 1, any provider shall be permitted by the carrier
86 to continue rendering health services to any enrollee who is admitted to and receiving treatment in any
87 inpatient facility at the time of a provider's termination of participation. Such admission and treatment
88 shall, at the enrollee's option, continue, without any time limitation, until the enrollee is discharged from
89 the inpatient facility.

90 For any health care services received by an enrollee from a provider after the date the provider has
91 been terminated from the carrier's provider panel:

92 a. A carrier shall reimburse a provider under this subsection in accordance with the carrier's
93 agreement with such provider existing immediately before the provider's termination of participation;

94 b. The provider shall accept such reimbursement from the carrier and any cost-sharing payment
95 from the enrollee for items and services as payment in full; and

96 c. The provider shall continue to adhere to all policies and procedures and quality standards
97 imposed by the carrier for an enrollee that were required of the provider immediately before the provider's
98 termination of participation.

99 For the purposes of this subsection, "provider" includes a provider group.

100 ~~G.F.~~ 1. A carrier shall provide to a purchaser upon enrollment and make available to existing
101 enrollees at least once a year a list of members in its provider panel, which list shall also indicate those
102 providers who are not currently accepting new patients. Such list may be made available in a form other
103 than a printed document, provided the purchaser or existing enrollee is given the means to request and
104 receive a printed copy of such list.

105 2. The information provided under subdivision 1 shall be updated at least once a year if in paper
106 form, and monthly if in electronic form.

107 ~~H-G.~~ No contract between a carrier and a provider may require that the provider indemnify the
108 carrier for the carrier's negligence, willful misconduct, or breach of contract, if any.

109 ~~I-H.~~ No contract between a carrier and a provider shall require a provider, as a condition of
110 participation on the panel, to waive any right to seek legal redress against the carrier.

111 ~~J-I.~~ No contract between a carrier and a provider shall prohibit, impede or interfere in the
112 discussion of medical treatment options between a patient and a provider.

113 ~~K-J.~~ A contract between a carrier and a provider shall permit and require the provider to discuss
114 medical treatment options with the patient.

115 ~~L-K.~~ Any carrier requiring preauthorization for medical treatment shall have personnel available
116 to provide such preauthorization at all times when such preauthorization is required.

117 ~~M-L.~~ Carriers shall provide to their group policyholders written notice of any benefit reductions
118 during the contract period at least 60 days before such benefit reductions become effective. Group
119 policyholders shall, in turn, provide to their enrollees written notice of any benefit reductions during the
120 contract period at least 30 days before such benefit reductions become effective. Such notice shall be
121 provided to the group policyholder as a separate and distinct notification, and may not be combined with
122 any other notification or marketing materials.

123 ~~N-M.~~ No contract between a provider and a carrier shall include provisions that require a health
124 care provider or health care provider group to deny covered services that such provider or group knows to
125 be medically necessary and appropriate that are provided with respect to a specific enrollee or group of
126 enrollees with similar medical conditions.

127 ~~O-N.~~ If a provider panel contract between a provider and a carrier, or other entity that provides
128 hospital, physician or other health care services to a carrier, includes provisions that require a provider, as
129 a condition of participating in one of the carrier's or other entity's provider panels, to participate in any
130 other provider panel owned or operated by that carrier or other entity, the contract shall contain a provision
131 permitting the provider to refuse participation in one or more such other provider panels at the time the
132 contract is executed. If a provider contracts with a carrier or other entity that subsequently contracts with
133 one or more unaffiliated carriers to include such provider in the provider panels of such unaffiliated

134 carriers, and which permits an unaffiliated carrier to impose participation terms with respect to such
135 provider that differ materially in reimbursement rates or in managed care procedures, such as conducting
136 economic profiling or requiring a patient to obtain primary care physician referral to a specialist, from the
137 terms agreed to by the provider in the original contract, the provider panel contract shall contain a
138 provision permitting the provider to refuse participation with any such unaffiliated carrier. Utilization
139 review pursuant to Article 1.2 (§ 32.1-137.7 et seq.) of Chapter 5 of Title 32.1 shall not constitute a
140 materially different managed care procedure. This subsection shall apply to provider panels utilized by
141 health maintenance organizations and preferred provider organizations. For purposes of this subsection,
142 "preferred provider organization" means a carrier that offers preferred provider contracts or policies as
143 defined in § 38.2-3407 or preferred provider subscription contracts as defined in § 38.2-4209. The status
144 of a physician as a member of or as being eligible for other existing or new provider panels shall not be
145 adversely affected by the exercise of such right to refuse participation. This subsection shall not apply to
146 the Medallion II and children's health insurance plan administered by or pursuant to contract with the
147 Department of Medical Assistance Services.

148 ~~P.~~O. A carrier that rents or leases its provider panel to unaffiliated carriers shall make available,
149 upon request, to its providers a list of unaffiliated carriers that rent or lease its provider panel. Such list if
150 available in electronic format shall be updated monthly. The provider shall be given the means to request
151 and receive a printed copy of such list.

152 ~~Q.~~P. The Commission shall have no jurisdiction to adjudicate controversies arising out of this
153 section.

154 ~~R.~~ The requirements of this section shall apply to all insurance policies, contracts, and plans
155 delivered, issued for delivery, reissued, or extended on or after July 1, 1996. However, the 90-day period
156 referred to in subdivisions C 1 b and C 2 of this section, the requirements set forth in subdivisions F 2 and
157 F 3, and the requirements set forth in subsections L, M, and N shall apply to contracts between carriers
158 and providers that are entered into or renewed on or after July 1, 1999, the requirements set forth in
159 subsection O shall apply to contracts between carriers and providers that are entered into, reissued,

160 ~~extended or renewed on or after July 1, 2001, and the requirements set forth in subsection P shall be~~
161 ~~effective on and after January 1, 2007.~~

162 **§ 38.2-4319. (Contingent expiration date) Statutory construction and relationship to other**
163 **laws.**

164 A. No provisions of this title except this chapter and, insofar as they are not inconsistent with this
165 chapter, §§ 38.2-100, 38.2-136, 38.2-200, 38.2-203, 38.2-209 through 38.2-213, 38.2-216, 38.2-218
166 through 38.2-225, 38.2-229, 38.2-232, 38.2-305, 38.2-316, 38.2-316.1, 38.2-322, 38.2-325, 38.2-326,
167 38.2-400, 38.2-402 through 38.2-413, 38.2-500 through 38.2-515, 38.2-600 through 38.2-629, Chapter 9
168 (§ 38.2-900 et seq.), §§ 38.2-1016.1 through 38.2-1023, 38.2-1057, and 38.2-1306.1, Article 2 (§ 38.2-
169 1306.2 et seq.), § 38.2-1315.1, and Articles 3.1 (§ 38.2-1316.1 et seq.), 4 (§ 38.2-1317 et seq.), 5 (§ 38.2-
170 1322 et seq.), 5.1 (§ 38.2-1334.3 et seq.), and 5.2 (§ 38.2-1334.11 et seq.) of Chapter 13, Articles 1 (§
171 38.2-1400 et seq.), 2 (§ 38.2-1412 et seq.), and 4 (§ 38.2-1446 et seq.) of Chapter 14, Chapter 15 (§ 38.2-
172 1500 et seq.), Chapter 17 (§ 38.2-1700 et seq.), §§ 38.2-1800 through 38.2-1836, 38.2-3401, 38.2-3405,
173 38.2-3405.1, 38.2-3406.1, 38.2-3407.2 through 38.2-3407.6:1, 38.2-3407.9 through 38.2-3407.20, 38.2-
174 3411, 38.2-3411.2, 38.2-3411.3, 38.2-3411.4, 38.2-3412.1, 38.2-3414.1, 38.2-3418.1 through 38.2-
175 3418.19, 38.2-3419.1, and 38.2-3430.1 through 38.2-3454, Articles 8 (§ 38.2-3461 et seq.) and 9 (§ 38.2-
176 3465 et seq.) of Chapter 34, § 38.2-3500, subdivision 13 of § 38.2-3503, subdivision 8 of § 38.2-3504, §§
177 38.2-3514.1, 38.2-3514.2, 38.2-3522.1 through 38.2-3523.4, 38.2-3525, 38.2-3540.1, 38.2-3540.2, 38.2-
178 3541.2, 38.2-3542, and 38.2-3543.2, Article 5 (§ 38.2-3551 et seq.) of Chapter 35, Chapter 35.1 (§ 38.2-
179 3556 et seq.), § 38.2-3610, Chapter 52 (§ 38.2-5200 et seq.), Chapter 55 (§ 38.2-5500 et seq.), Chapter 58
180 (§ 38.2-5800 et seq.) and Chapter 65 (§ 38.2-6500 et seq.) shall be applicable to any health maintenance
181 organization granted a license under this chapter. This chapter shall not apply to an insurer or health
182 services plan licensed and regulated in conformance with the insurance laws or Chapter 42 (§ 38.2-4200
183 et seq.) except with respect to the activities of its health maintenance organization.

184 B. For plans administered by the Department of Medical Assistance Services that provide benefits
185 pursuant to Title XIX or Title XXI of the Social Security Act, as amended, no provisions of this title
186 except this chapter and, insofar as they are not inconsistent with this chapter, §§ 38.2-100, 38.2-136, 38.2-

187 200, 38.2-203, 38.2-209 through 38.2-213, 38.2-216, 38.2-218 through 38.2-225, 38.2-229, 38.2-232,
 188 38.2-322, 38.2-325, 38.2-400, 38.2-402 through 38.2-413, 38.2-500 through 38.2-515, and 38.2-600
 189 through 38.2-629, Chapter 9 (§ 38.2-900 et seq.), §§ 38.2-1016.1 through 38.2-1023, 38.2-1057, and 38.2-
 190 1306.1, Article 2 (§ 38.2-1306.2 et seq.), § 38.2-1315.1, Articles 3.1 (§ 38.2-1316.1 et seq.), 4 (§ 38.2-
 191 1317 et seq.), 5 (§ 38.2-1322 et seq.), 5.1 (§ 38.2-1334.3 et seq.), and 5.2 (§ 38.2-1334.11 et seq.) of
 192 Chapter 13, Articles 1 (§ 38.2-1400 et seq.), 2 (§ 38.2-1412 et seq.), and 4 (§ 38.2-1446 et seq.) of Chapter
 193 14, §§ 38.2-3401, 38.2-3405, 38.2-3407.2 through 38.2-3407.5, 38.2-3407.6, 38.2-3407.6:1, 38.2-3407.9,
 194 38.2-3407.9:01, and 38.2-3407.9:02, subdivisions ~~F~~E 1, 2, and 3 of § 38.2-3407.10, §§ 38.2-3407.10:1,
 195 38.2-3407.11, 38.2-3407.11:3, 38.2-3407.13, 38.2-3407.13:1, 38.2-3407.14, 38.2-3411.2, 38.2-3418.1,
 196 38.2-3418.2, 38.2-3418.16, 38.2-3419.1, 38.2-3430.1 through 38.2-3437, and 38.2-3500, subdivision 13
 197 of § 38.2-3503, subdivision 8 of § 38.2-3504, §§ 38.2-3514.1, 38.2-3514.2, 38.2-3522.1 through 38.2-
 198 3523.4, 38.2-3525, 38.2-3540.1, 38.2-3540.2, 38.2-3541.2, 38.2-3542, and 38.2-3543.2, Chapter 52 (§
 199 38.2-5200 et seq.), Chapter 55 (§ 38.2-5500 et seq.), Chapter 58 (§ 38.2-5800 et seq.), and Chapter 65 (§
 200 38.2-6500 et seq.) shall be applicable to any health maintenance organization granted a license under this
 201 chapter. This chapter shall not apply to an insurer or health services plan licensed and regulated in
 202 conformance with the insurance laws or Chapter 42 (§ 38.2-4200 et seq.) except with respect to the
 203 activities of its health maintenance organization.

204 C. Solicitation of enrollees by a licensed health maintenance organization or by its representatives
 205 shall not be construed to violate any provisions of law relating to solicitation or advertising by health
 206 professionals.

207 D. A licensed health maintenance organization shall not be deemed to be engaged in the unlawful
 208 practice of medicine. All health care providers associated with a health maintenance organization shall be
 209 subject to all provisions of law.

210 E. Notwithstanding the definition of an eligible employee as set forth in § 38.2-3431, a health
 211 maintenance organization providing health care plans pursuant to § 38.2-3431 shall not be required to
 212 offer coverage to or accept applications from an employee who does not reside within the health
 213 maintenance organization's service area.

214 F. For purposes of applying this section, "insurer" when used in a section cited in subsections A
215 and B shall be construed to mean and include "health maintenance organizations" unless the section cited
216 clearly applies to health maintenance organizations without such construction.

217 **§ 38.2-4319. (Contingent effective date) Statutory construction and relationship to other**
218 **laws.**

219 A. No provisions of this title except this chapter and, insofar as they are not inconsistent with this
220 chapter, §§ 38.2-100, 38.2-136, 38.2-200, 38.2-203, 38.2-209 through 38.2-213, 38.2-216, 38.2-218
221 through 38.2-225, 38.2-229, 38.2-232, 38.2-305, 38.2-316, 38.2-316.1, 38.2-322, 38.2-325, 38.2-326,
222 38.2-400, 38.2-402 through 38.2-413, 38.2-500 through 38.2-515, 38.2-600 through 38.2-629, Chapter 9
223 (§ 38.2-900 et seq.), §§ 38.2-1016.1 through 38.2-1023, 38.2-1057, and 38.2-1306.1, Article 2 (§ 38.2-
224 1306.2 et seq.), § 38.2-1315.1, and Articles 3.1 (§ 38.2-1316.1 et seq.), 4 (§ 38.2-1317 et seq.), 5 (§ 38.2-
225 1322 et seq.), 5.1 (§ 38.2-1334.3 et seq.), and 5.2 (§ 38.2-1334.11 et seq.) of Chapter 13, Articles 1 (§
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227 1500 et seq.), Chapter 17 (§ 38.2-1700 et seq.), §§ 38.2-1800 through 38.2-1836, 38.2-3401, 38.2-3405,
228 38.2-3405.1, 38.2-3406.1, 38.2-3407.2 through 38.2-3407.6:1, 38.2-3407.9 through 38.2-3407.20, 38.2-
229 3411, 38.2-3411.2, 38.2-3411.3, 38.2-3411.4, 38.2-3412.1, 38.2-3414.1, 38.2-3418.1 through 38.2-
230 3418.19, 38.2-3419.1, and 38.2-3430.1 through 38.2-3454, Articles 8 (§ 38.2-3461 et seq.) and 9 (§ 38.2-
231 3465 et seq.) of Chapter 34, § 38.2-3500, subdivision 13 of § 38.2-3503, subdivision 8 of § 38.2-3504, §§
232 38.2-3514.1, 38.2-3514.2, 38.2-3522.1 through 38.2-3523.4, 38.2-3525, 38.2-3540.1, 38.2-3540.2, 38.2-
233 3541.2, 38.2-3542, and 38.2-3543.2, Article 5 (§ 38.2-3551 et seq.) of Chapter 35, Chapter 35.1 (§ 38.2-
234 3556 et seq.), § 38.2-3610, Chapter 52 (§ 38.2-5200 et seq.), Chapter 55 (§ 38.2-5500 et seq.), Chapter 58
235 (§ 38.2-5800 et seq.), Chapter 65 (§ 38.2-6500 et seq.), and Chapter 66 (§ 38.2-6600 et seq.) shall be
236 applicable to any health maintenance organization granted a license under this chapter. This chapter shall
237 not apply to an insurer or health services plan licensed and regulated in conformance with the insurance
238 laws or Chapter 42 (§ 38.2-4200 et seq.) except with respect to the activities of its health maintenance
239 organization.

240 B. For plans administered by the Department of Medical Assistance Services that provide benefits
241 pursuant to Title XIX or Title XXI of the Social Security Act, as amended, no provisions of this title
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247 1317 et seq.), 5 (§ 38.2-1322 et seq.), 5.1 (§ 38.2-1334.3 et seq.), and 5.2 (§ 38.2-1334.11 et seq.) of
248 Chapter 13, Articles 1 (§ 38.2-1400 et seq.), 2 (§ 38.2-1412 et seq.), and 4 (§ 38.2-1446 et seq.) of Chapter
249 14, §§ 38.2-3401, 38.2-3405, 38.2-3407.2 through 38.2-3407.5, 38.2-3407.6, 38.2-3407.6:1, 38.2-3407.9,
250 38.2-3407.9:01, and 38.2-3407.9:02, subdivisions ~~F~~E 1, 2, and 3 of § 38.2-3407.10, §§ 38.2-3407.10:1,
251 38.2-3407.11, 38.2-3407.11:3, 38.2-3407.13, 38.2-3407.13:1, 38.2-3407.14, 38.2-3411.2, 38.2-3418.1,
252 38.2-3418.2, 38.2-3418.16, 38.2-3419.1, 38.2-3430.1 through 38.2-3437, and 38.2-3500, subdivision 13
253 of § 38.2-3503, subdivision 8 of § 38.2-3504, §§ 38.2-3514.1, 38.2-3514.2, 38.2-3522.1 through 38.2-
254 3523.4, 38.2-3525, 38.2-3540.1, 38.2-3540.2, 38.2-3541.2, 38.2-3542, and 38.2-3543.2, Chapter 52 (§
255 38.2-5200 et seq.), Chapter 55 (§ 38.2-5500 et seq.), Chapter 58 (§ 38.2-5800 et seq.), and Chapter 65 (§
256 38.2-6500 et seq.) shall be applicable to any health maintenance organization granted a license under this
257 chapter. This chapter shall not apply to an insurer or health services plan licensed and regulated in
258 conformance with the insurance laws or Chapter 42 (§ 38.2-4200 et seq.) except with respect to the
259 activities of its health maintenance organization.

260 C. Solicitation of enrollees by a licensed health maintenance organization or by its representatives
261 shall not be construed to violate any provisions of law relating to solicitation or advertising by health
262 professionals.

263 D. A licensed health maintenance organization shall not be deemed to be engaged in the unlawful
264 practice of medicine. All health care providers associated with a health maintenance organization shall be
265 subject to all provisions of law.

266 E. Notwithstanding the definition of an eligible employee as set forth in § 38.2-3431, a health
267 maintenance organization providing health care plans pursuant to § 38.2-3431 shall not be required to
268 offer coverage to or accept applications from an employee who does not reside within the health
269 maintenance organization's service area.

270 F. For purposes of applying this section, "insurer" when used in a section cited in subsections A
271 and B shall be construed to mean and include "health maintenance organizations" unless the section cited
272 clearly applies to health maintenance organizations without such construction.

273 #