

Regular Session, 2003

# ACT No. 1106

HOUSE BILL NO. 1538

BY REPRESENTATIVE TUCKER AND SENATORS BOISSIERE AND  
CRAVINS

## AN ACT

To amend and reenact R.S. 22:2010(C)(introductory paragraph) and (1) and (G) and 2013(E) and (F) and to enact Part XII-B of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 22:2036.1 through 2036.10, relative to health maintenance organizations; to implement risk-based capital requirements for health maintenance organizations; to provide relative to the liquidation or windup of a health maintenance organization; to provide for the priority of payments from the estate of an insolvent health maintenance organization; to provide with respect to the authority of the commissioner of insurance to enforce such requirements; to provide for hearings; to provide for confidentiality; to provide for immunity; to provide for regulations; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:2010(C)(introductory paragraph) and (1) and (G) and 2013(E) and (F) are hereby amended and reenacted and Part XII-B of Chapter 2 of Title 22 of the Louisiana Revised Statutes of 1950, comprised of R.S. 22:2036.1 through 2036.10, is hereby enacted to read as follows:

§2010. Protection against insolvency

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C. ~~In addition to the one million dollar deposit requirement,~~  
~~each~~ Each health maintenance organization shall establish prior to the issuance of any certificate of authority, and shall maintain as long as it does business in Louisiana as a health maintenance organization, the following capital and surplus requirements:

(1) For each health maintenance organization which, by July 1, 1995, has not filed its application for a certificate of authority with the commissioner as required by law, a minimum of the greater of two three million dollars or the amounts required by Part XII-B of this Chapter. The million dollar deposit required pursuant to R.S. 22:2010(A) shall apply as a part of this minimum requirement.

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G. In the liquidation or windup of the affairs of the health maintenance organization, ~~the following schedule of preferences shall be followed by~~ notwithstanding any provision of law to the contrary, the commissioner shall assure any payments authorized by the Department of Insurance and issued prior to any order of liquidation are honored; thereafter, the following schedule of preferences shall be followed: ~~by the commissioner.~~

~~(1) Salaries of employees of the health maintenance organization up to two thousand five hundred dollars per employee.~~

~~(2) Unpaid federal and state employment and withholding taxes.~~

~~(3) Accrued annual license taxes due the state of Louisiana.~~

~~(4) Amounts due and owing providers.~~

~~(5) All other creditors based on date of claim. Where several claims arise on the same date, preference shall be given based on the date and time such claim was received by the commissioner.~~

(1) The commissioner's costs and expenses of administration, including unpaid federal and state employment withholding taxes.

(2) Compensation actually owing to employees other than officers of a health maintenance organization for services rendered within three months prior to the commencement of a proceeding against the health maintenance organization under this Part, but not exceeding two thousand five hundred dollars for such employee, shall be paid prior to the payment of any other debt or claim and in the discretion of the commissioner may be paid as soon as practicable after the proceeding has commenced. However, at all times the commissioner shall reserve such funds as will in his opinion be sufficient for the payment of all claims in Paragraphs (1) through (3) of this Subsection. This priority shall be in lieu of any other similar priority which may be authorized by law as to wages or compensation of such employees.

(3) Claims for covered benefits prior to cancellation that are filed within ninety days of an order of liquidation. The commissioner shall, within one hundred twenty days, present a plan for timely payment of such claims to the court for approval. The Department of Insurance shall not require refileing any claim received for covered benefits or provision of any proof of claim that would otherwise be applicable to non-benefit claims. The maximum amount paid shall not exceed the amount that would be paid under Title XVIII of the Social Security Act, 42 U.S.C. §301 et seq. The department shall establish

reasonable amounts for any services or supplies covered under a health policy or contract for which an amount has not been determined under the federal Medicare program.

(4) Claims for unearned premiums or other premium refunds.

(5) All other claims, including claims for covered benefits provided prior to cancellation that are not filed within ninety days of an order of liquidation.

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§2013. Suspension or revocation of certificate of authority

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E. Where a certificate of authority is revoked or in the liquidation or windup of the affairs of a health maintenance organization, the commissioner shall have the right to enforce, for the benefit of the enrollees, contract performance by any provider or other third party who had contracted with the health maintenance organization.

F. The commissioner is specifically empowered to take over and liquidate the affairs of any health maintenance organization experiencing financial difficulty at such time as he deems it necessary by applying to the Nineteenth Judicial District Court for permission to take over and fix the conditions thereof. The Nineteenth Judicial District Court shall have exclusive jurisdiction over any suit arising from such takeover and liquidation. ~~He shall~~ The commissioner shall be authorized to issue appropriate regulations to implement an orderly procedure to wind up the affairs of any financially troubled health maintenance organization.

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PART XII-B. RISK-BASED CAPITAL  
REQUIREMENTS FOR HEALTH  
MAINTENANCE ORGANIZATIONS

§2036.1. Definitions

As used in this Part, these terms shall have the following meanings:

(1) "Adjusted risk-based capital report" means a risk-based capital report which has been adjusted by the commissioner in accordance with R.S. 22:2036.2(C).

(2) "Commissioner" means the commissioner of insurance.

(3) "Corrective order" means an order issued by the commissioner specifying corrective actions which the commissioner has determined are required.

(4) "Health organization" means a health maintenance organization licensed under Part XII of Chapter 2 of this Title.

(5) "Risk-based capital instructions" means the risk-based capital report including risk-based capital instructions adopted by the National Association of Insurance Commissioners, as these risk-based capital instructions may be amended by the National Association of Insurance Commissioners from time to time in accordance with the procedures adopted by the National Association of Insurance Commissioners.

(6) "Risk-based capital level" means a health organization's company action level risk-based capital, regulatory action level risk-based capital, authorized control level risk-based capital, or mandatory control level risk-based capital where:

(a) Effective December 31, 2003:

(i) "Company action level risk-based capital" means the product of 1.5 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(ii) "Regulatory action level risk-based capital" means the product of 1.25 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(iii) "Authorized control level risk-based capital" means the product of 1.1 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(iv) "Mandatory control level risk-based capital" means the product of .95 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(b) Effective December 31, 2004:

(i) "Company action level risk-based capital" means the product of 2.0 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(ii) "Regulatory action level risk-based capital" means the product of 1.5 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(iii) "Authorized control level risk-based capital" means the product of 1.25 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(iv) "Mandatory control level risk-based capital" means the product of .95 and the number determined under the risk-based capital formula in accordance with the risk-based capital instructions.

(7) "Risk-based capital plan" means a comprehensive financial plan containing the elements specified in R.S. 22:2036.3(B). If the commissioner rejects the risk-based capital plan and it is revised by the health organization, with or without the commissioner's recommendation, the plan shall be called the "revised risk-based capital plan".

(8) "Risk-based capital report" means the report required in R.S. 22:2036.2.

(9) "Total adjusted capital" means the sum of the following:

(a) A health organization's statutory capital and surplus as determined in accordance with the statutory accounting applicable to the annual financial statements required to be filed under R.S. 22:2008.

(b) Such other items, if any, as the risk-based capital instructions may provide.

§2036.2. Risk-based capital reports

A. A health organization shall, on or prior to each March first, prepare and submit to the commissioner a report of its risk-based capital levels as of the end of the calendar year just ended, in a form and containing such information as is required by the risk-based capital instructions. In addition, a health organization shall file its risk-based capital report with the National Association of Insurance Commissioners in accordance with the risk-based capital instructions.

B. A health organization's risk-based capital shall be determined in accordance with the formula set forth in the risk-based capital instructions. The formula shall take the following into account and may adjust for the covariance between the factors as determined in each case

by applying the factors in the manner set forth in the risk-based capital instructions:

(1) Asset risk.

(2) Credit risk.

(3) Underwriting risk.

(4) All other business risks and such other relevant risks as are set forth in the risk-based capital instructions.

C. If a health organization files a risk-based capital report that in the judgment of the commissioner is inaccurate, then the commissioner shall adjust the risk-based capital report to correct the inaccuracy and shall notify the health organization of the adjustment. The notice shall contain a statement of the reason for the adjustment. A risk-based capital report as so adjusted may be referred to as an adjusted risk-based capital report.

§2036.2.1. Supplemental quarterly reports of risk-based capital

A health organization shall submit to the Department of Insurance each quarter, as a standard quarterly filing, a report on additional key financial data, pursuant to a regulation promulgated by the department for this purpose. The health organization shall submit this report no later than forty-five days of the end of the quarter unless an extension, not to exceed thirty days, is granted by the department based on circumstances that are reasonably beyond the health organization's control.

§2036.3. Company action level event

A. A company action level event means any of the following:

(1) The filing of a risk-based capital report by a health organization that indicates that the health organization's total adjusted

capital is greater than or equal to its regulatory action level risk-based capital but less than its company action level risk-based capital.

(2) Notification by the commissioner to the health organization of an adjusted risk-based capital report that indicates an event in Paragraph (1) of this Subsection, provided the health organization does not challenge the adjusted risk-based capital report under R.S. 22:2036.7.

(3) If pursuant to R.S. 22:2036.7, a health organization challenges an adjusted risk-based capital report that indicates the event in Paragraph (1) of this Subsection, the notification by the commissioner to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

B. In the event of a company action level event, the health organization shall prepare and submit to the commissioner a risk-based capital plan that shall do the following:

(1) Identify the conditions that contribute to the company action level event.

(2) Contain proposals of corrective actions that the health organization intends to take and that would be expected to result in the elimination of the company action level event.

(3) Provide projections of the health organization's financial results in the current year and at least the two succeeding years, both in the absence of proposed corrective actions and giving effect to the proposed corrective actions, including projections of statutory balance sheets, operating income, net income, capital and surplus, and risk-based capital levels. The projections for both new and renewal business might include separate projections for each major line of

business and separately identify each significant income, expense, and benefit component.

(4) Identify the key assumptions impacting the health organization's projections and the sensitivity of the projections to the assumptions.

(5) Identify the quality of and problems associated with the health organization's business, including but not limited to its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business, and use of reinsurance, if any, in each case.

C. The risk-based capital plan shall be submitted either:

(1) Within forty-five days of the company action level event.

(2) If the health organization challenges an adjusted risk-based capital report pursuant to R.S. 22:2036.7, within forty-five days after notification to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

D. Within sixty days after the submission by a health organization of a risk-based capital plan to the commissioner, the commissioner shall notify the health organization whether the risk-based capital plan shall be implemented or is, in the judgment of the commissioner, unsatisfactory. If the commissioner determines the risk-based capital plan is unsatisfactory, the notification to the health organization shall set forth the reasons for the determination and may set forth proposed revisions which will render the risk-based capital plan satisfactory, in the judgment of the commissioner. Upon notification from the commissioner, the health organization shall prepare a revised risk-based capital plan, which may incorporate by

reference any revisions proposed by the commissioner, and shall submit the revised risk-based capital plan to the commissioner either:

(1) Within forty-five days after the notification from the commissioner.

(2) If the health organization challenges the notification from the commissioner pursuant to R.S. 22:2036.7, within forty-five days after a notification to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

E. In the event of a notification by the commissioner to a health organization that the health organization's risk-based capital plan or revised risk-based capital plan is unsatisfactory, the commissioner may at the commissioner's discretion, subject to the health organization's right to a hearing under R.S. 22:2036.7, specify in the notification that the notification constitutes a regulatory action level event.

§2036.4. Regulatory action level event

A. "Regulatory action level event" means any of the following events:

(1) The filing of a risk-based capital report by the health organization that indicates that the health organization's total adjusted capital is greater than or equal to its authorized control level risk-based capital but less than its regulatory action level risk-based capital.

(2) Notification by the commissioner to a health organization of an adjusted risk-based capital report that indicates the event in Paragraph (1) of this Subsection, provided the health organization does not challenge the adjusted risk-based capital report under R.S. 22:2036.7.

(3) If, pursuant to R.S. 22:2036.7, the health organization challenges an adjusted risk-based capital report that indicates the event in Paragraph (1) of this Subsection, the notification by the commissioner to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

(4) The failure of the health organization to file a risk-based capital report by the filing date, unless the health organization has provided an explanation for the failure that is satisfactory to the commissioner and has cured the failure within ten days after the filing date.

(5) The failure of the health organization to submit a risk-based capital plan to the commissioner within the time period set forth in R.S. 22:2036.3(C).

(6) Notification by the commissioner to the health organization that both of the following apply:

(a) The risk-based capital plan or revised risk-based capital plan submitted by the health organization is, in the judgment of the commissioner, unsatisfactory.

(b) Notification constitutes a regulatory action level event with respect to the health organization, provided the health organization has not challenged the determination pursuant to R.S. 22:2036.7.

(7) If, pursuant to R.S. 22:2036.7, the health organization challenges a determination by the commissioner pursuant to Paragraph (6) of this Subsection, the notification by the commissioner to the health organization that the commissioner has, after a hearing, rejected the challenge.

(8) Notification by the commissioner to the health organization that the health organization has failed to adhere to its risk-based capital plan or revised risk-based capital plan, but only if the failure has a substantial adverse effect on the ability of the health organization to eliminate the company action level event in accordance with its risk-based capital plan or revised risk-based capital plan and the commissioner has so stated in the notification, provided the health organization has not challenged the determination under R.S. 22:2036.7.

(9) If, pursuant to R.S. 22:2036.7, the health organization challenges a determination by the commissioner under Paragraph (8) of this Subsection, the notification by the commissioner to the health organization that the commissioner has, after a hearing, rejected the challenge.

B. In the event of a regulatory action level event the commissioner shall do the following:

(1) Require the health organization to prepare and submit a risk-based capital plan or, if applicable, a revised risk-based capital plan.

(2) Perform such examination or analysis as the commissioner deems necessary of the assets, liabilities, and operations of the health organization including a review of its risk-based capital plan or revised risk-based capital plan.

(3) Subsequent to the examination or analysis, issue an order specifying such corrective actions as the commissioner shall determine are required.

C. In determining corrective actions, the commissioner may take into account factors the commissioner deems relevant with respect to

the health organization based upon the commissioner's examination or analysis of the assets, liabilities, and operations of the health organization, including but not limited to the results of any sensitivity tests undertaken pursuant to the risk-based capital instructions. The risk-based capital plan or revised risk-based capital plan shall be submitted either:

(1) Within forty-five days after the occurrence of the regulatory action level event.

(2) If the health organization challenges an adjusted risk-based capital report pursuant to R.S. 22:2036.7 and the challenge is not frivolous in the judgment of the commissioner, within forty-five days after the notification to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

(3) If the health organization challenges a revised risk-based capital plan pursuant to R.S. 22:2036.7 and the challenge is not frivolous in the judgment of the commissioner, within forty-five days after the notification to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

D. The commissioner may retain actuaries, investment experts, and other consultants as may be necessary in the judgment of the commissioner to review the health organization's risk-based capital plan or revised risk-based capital plan, examine or analyze the assets, liabilities, and operations, including contractual relationships of the health organization, and formulate the corrective order with respect to the health organization. The fees, costs, and expenses relating to such consultants shall be borne by the affected health organization or such other party as directed by the commissioner.

§2036.5. Authorized control level event

A. "Authorized control level event" means any of the following events:

(1) The filing of a risk-based capital report by the health organization that indicates that the health organization's total adjusted capital is greater than or equal to its mandatory control level risk-based capital but less than its authorized control level risk-based capital.

(2) The notification by the commissioner to the health organization of an adjusted risk-based capital report that indicates the event in Paragraph (1) of this Subsection, provided the health organization does not challenge the adjusted risk-based capital report pursuant to R.S. 22:2036.7.

(3) If, pursuant to R.S. 22:2036.7, the health organization challenges an adjusted risk-based capital report that indicates the event in Paragraph (1) of this Subsection, notification by the commissioner to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

(4) The failure of the health organization to respond, in a manner satisfactory to the commissioner, to a corrective order, provided the health organization has not challenged the corrective order pursuant to R.S. 22:2036.7.

(5) If the health organization has challenged a corrective order pursuant to R.S. 22:2036.7 and the commissioner has, after a hearing, rejected the challenge or modified the corrective order, the failure of the health organization to respond, in a manner satisfactory to the commissioner, to the corrective order subsequent to rejection or modification by the commissioner.

B. In the event of an authorized control level event with respect to a health organization, the commissioner shall do either of the following:

(1) Take such actions as are required under R.S. 22:2036.4 regarding a health organization with respect to which a regulatory action level event has occurred.

(2) If the commissioner deems it to be in the best interests of the policyholders and creditors of the health organization and of the public, take such actions as are necessary to cause the health organization to be placed under regulatory control pursuant to Part XVI of Chapter 1 of this Title. In the event the commissioner takes such actions, the authorized control level event shall be deemed sufficient grounds for the commissioner to take action pursuant to Part XVI of Chapter 1 of this Title and the commissioner shall have the rights, powers, and duties with respect to the health organization as are set forth in Part XVI of Chapter 1 of this Title.

§2036.6. Mandatory control level event

A. "Mandatory control level event" means any of the following events:

(1) The filing of a risk-based capital report which indicates that the health organization's total adjusted capital is less than its mandatory control level risk-based capital.

(2) Notification by the commissioner to the health organization of an adjusted risk-based capital report that indicates the event in Paragraph (1) of this Subsection, provided the health organization does not challenge the adjusted risk-based capital report pursuant to R.S. 22:2036.7.

(3) If, pursuant to R.S. 22:2036.7, the health organization challenges an adjusted risk-based capital report that indicates the event in Paragraph (1) of this Subsection, notification by the commissioner to the health organization that the commissioner has, after a hearing, rejected the health organization's challenge.

B. In the event of a mandatory control level event, the commissioner shall take such actions as are necessary to place the health organization under regulatory control pursuant to Part XVI of Chapter 1 of this Title. In that event, the mandatory control level event shall be deemed sufficient grounds for the commissioner to take action under, and the commissioner shall have the rights, powers, and duties with respect to the health organization as are set forth in Part XVI of Chapter 1 of this Title. Notwithstanding any of the foregoing, the commissioner may forego action for up to ninety days after the mandatory control level event if the commissioner finds there is a reasonable expectation that the mandatory control level event may be eliminated within the ninety-day period.

#### §2036.7. Hearings

Upon the occurrence of any of the following events, the health organization shall have the right to a confidential departmental hearing, on a record, at which the health organization may challenge any determination or action by the commissioner. The health organization shall notify the commissioner of its request for a hearing within five days after the notification by the commissioner under Paragraph (1), (2), (3), or (4) of this Section. Upon receipt of the health organization's request for a hearing, the commissioner shall set a date for the hearing,

which shall be no less than ten nor more than thirty days after the date of the health organization's request. The events include:

(1) Notification to a health organization by the commissioner of an adjusted risk-based capital report.

(2) Notification to a health organization by the commissioner that both of the following apply:

(a) The health organization's risk-based capital plan or revised risk-based capital plan is unsatisfactory.

(b) Notification constitutes a regulatory action level event with respect to the health organization.

(3) Notification to a health organization by the commissioner that the health organization has failed to adhere to its risk-based capital plan or revised risk-based capital plan and that the failure has a substantial adverse effect on the ability of the health organization to eliminate the company action level event with respect to the health organization in accordance with its risk-based capital plan or revised risk-based capital plan.

(4) Notification to a health organization by the commissioner of a corrective order with respect to the health organization.

§2036.8. Confidentiality; prohibition on announcements; prohibition on use in ratemaking

A. All risk-based capital reports, to the extent the information is not required to be set forth in a publicly available annual statement schedule, and risk-based capital plans, including the results or report of any examination or analysis of a health organization performed pursuant to this Part and any corrective order issued by the commissioner pursuant to examination or analysis, with respect to a

domestic health organization or foreign health organization that are in the possession or control of the Department of Insurance shall be confidential by law and privileged, shall not be subject to Chapter 1 of Title 44 of the Louisiana Revised Statutes of 1950, shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. However, the commissioner is authorized to use the documents, materials, or other information in the furtherance of any regulatory or legal action brought as a part of the commissioner's official duties.

B. Neither the commissioner nor any person who received documents, materials, or other information while acting under the authority of the commissioner shall be permitted or required to testify in any private civil action concerning any confidential documents, materials, or information subject to Subsection A of this Section.

C. In order to assist in the performance of the commissioner's duties, the commissioner may do any of the following:

(1) Share documents, materials, or other information, including the confidential and privileged documents, materials, or information subject to Subsection A of this Section, with other state, federal, and international regulatory agencies, with the National Association of Insurance Commissioners and its affiliates and subsidiaries, and with state, federal, and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the document, material, or other information.

(2) Receive documents, materials, or information, including otherwise confidential and privileged documents, materials, or information, from the National Association of Insurance

Commissioners and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information.

(3) Enter into agreements governing sharing and use of information consistent with this Subsection.

D. No waiver of any applicable privilege or claim of confidentiality in the documents, materials, or information shall occur as a result of disclosure to the commissioner under this Section or as a result of sharing as authorized in Paragraph (3) of Subsection C of this Section.

E. It is the judgment of the legislature that the comparison of a health organization's total adjusted capital to any of its risk-based capital levels is a regulatory tool which may indicate the need for corrective action with respect to the health organization and is not intended as a means to rank health organizations generally. Therefore, except as otherwise required under the provisions of this Part, the making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over a radio or television station, or in any other way, an advertisement, announcement, or statement containing an assertion, representation, or statement with regard to the risk-based capital levels of any health organization, or of any component derived

in the calculation, by any health organization, provider, broker, or other person engaged in any manner in the insurance business would be misleading and is therefore prohibited. However, if any materially false statement with respect to the comparison regarding a health organization's total adjusted capital to its risk-based capital levels, or any of them, or an inappropriate comparison of any other amount to the health organizations' risk-based capital levels is published in any written publication and the health organization is able to demonstrate to the commissioner with substantial proof the falsity of the statement, or the inappropriateness, as the case may be, then the health organization may publish an announcement in a written publication if the sole purpose of the announcement is to rebut the materially false statement.

F. It is the further judgment of the legislature that an excess of capital (i.e., net worth) over the amount produced by the risk-based capital requirements contained in this Part and the formulas, schedules, and instructions referenced in this Part are desirable in the business of health insurance. Accordingly, health organizations should seek to maintain capital above the risk-based capital levels required by this Part. Additional capital is used and useful in the insurance business and helps to secure a health organization against various risks inherent in or affecting the business of insurance and not accounted for or only partially measured by the risk-based capital requirements contained in this Part.

§2036.9. Supplemental provisions; rules; exemption

A. The provisions of this Part are supplemental to any other provisions of the laws of this state and shall not preclude or limit any other powers or duties of the commissioner under such laws.

B. The commissioner may adopt reasonable rules necessary for the implementation of this Part.

§2036.10. Immunity

There shall be no liability on the part of and no cause of action shall arise against the commissioner or the Department of Insurance or its employees or agents for any action taken by them in the performance of their powers and duties pursuant to this Part.

Section 2. All notices by the commissioner to a health maintenance organization that may result in regulatory action under this Part shall be effective upon dispatch if transmitted by registered or certified mail or, in the case of any other transmission, shall be effective upon the health maintenance organization's receipt of notice.

Section 3. This Act shall become effective on December 31, 2003.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_