

CHAPTER 127**(SB 135)**

AN ACT relating to nonprofit health service corporations.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 304.32-130 is amended to read as follows:

The commissioner shall not issue or renew a certificate of authority to any corporation operating or proposing to operate a nonprofit hospital, medical-surgical, dental, or other health service plan unless:

- (1) The subscription or membership certificates which the corporation offers to its subscribers or members, together with a schedule of the dues and fees to be paid by subscribers or members, or the formula for developing dues or fees, has been filed with the commissioner in accordance with~~[the provisions of]~~ KRS 304.32-160.
- (2) The schedule of the dues and fees to be paid by subscribers or members is one which will:
 - (a) Enable the corporation to meet *its current and ongoing obligations*~~[the expenses of the hospital, medical surgical, and other health services which are made available]~~ to its subscribers or members without impairing the guarantee fund required by KRS 304.32-140;
 - (b) *Is established and justified in accordance with those actuarially sound factors deemed relevant by the commissioner;*
 - (c) *Not be excessive, inadequate, or unfairly discriminatory in relation to the services offered; and*
 - (d) *Enable the corporation to achieve and maintain the highest insurance industry financial strength ratings*~~[, and one which will not result in an accumulation of excess reserves over and above reserves established for claims in process, unreported and unbilled claims, retroactive cost adjustment to the purveyors of hospital, medical surgical, and other health services and membership dues or fees received in advance but not yet earned].~~

Signed by Governor March 27, 2017.