

**PUBLIC PROTECTION CABINET**  
**Department of Insurance**  
**Division of Financial Standards and Examinations**  
**(Amended at ARRS Committee)**

**806 KAR 17:100. Certificate of filing for provider-sponsored networks.**

RELATES TO: KRS 304.17A-005(39), 304.17A-300, 304.17A-310

STATUTORY AUTHORITY: KRS 304.2-110(1), 304.17A-300, 304.17A-310

CERTIFICATION STATEMENT:

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110(1) authorizes the commissioner to promulgate reasonable administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code, established in KRS 304.1-010. KRS 304.17A-300 requires provider sponsored networks to obtain a certificate of filing before doing business in Kentucky. This administrative regulation establishes the requirements for a provider sponsored network applying for a certificate of filing.

Section 1. Definitions. A provider-sponsored network is a provider sponsored integrated health delivery network as defined in 304.17A-005(39).

Section 2. A provider-sponsored network shall apply for and obtain a certificate of filing from the commissioner in order to provide, directly or through arrangements with others, a health benefit plan to consumers voluntarily enrolled with the organization on a per capita or a predetermined, fixed prepayment basis.

Section 3.

(1) Each application for a certificate of filing for a provider-sponsored network shall be filed on a Form 996 and verified by an officer or authorized representative of the applicant.

(2) Each application shall set forth or be accompanied by the following:

(a) Name, address, principal place of business, owners, officers, managers, and sponsors of the provider-sponsored network.

(b) Address where books and records of the provider-sponsored network shall be maintained at all times.

(c) The providers who sponsor, own, govern, or manage the provider-sponsored network shall provide a copy of their licenses and affidavit confirming good standing with their licensure board.

(d) A copy of the organizational documents of the applicant including:

1. Articles of incorporation;

2. Articles of association;

3. Partnership agreement;

4. Trust agreement;

5. Bylaws;

6. Organizational chart; and

7. Other applicable documents and amendments.

(e) A copy of the policies, procedures, and other documents explaining how the provider sponsored network shall:

1. Administer health plans;

2. Have ability, experience, and structure to arrange for appropriate level and type of health care services;

3. Conduct utilization management activities;

4. Achieve, monitor, and evaluate the quality and cost effectiveness of care provided;

5. Monitor access to its provider network; and
  6. Use standardized electronic claims, billing processes, and formats.
- (f) Names, addresses, and biographical information of the following:
1. Board of directors;
  2. Board of trustees;
  3. Executive committee or other governing body;
  4. Each owner of five (5) percent or more of the provider-sponsored network;
  5. Principal officers;
  6. Partners; and
  7. Persons responsible for the conduct of the applicants affairs and day to day operations.
- (g) Financial statements audited by an independent certified public accountant in conformity with statutory accounting practices that reflect the following:
1. Financial position of the applicant;
  2. Results of its operation;
  3. Cash flows; and
  4. Changes in capital and surplus.
- (h) If the "as of" date of the financial statements filed pursuant to paragraph (f) of this subsection is more than ninety (90) days from the date of the application, interim financial statements compiled by an independent certified public accountant as of a date less than ninety (90) days from the application containing the same information as the audited financial statements.
- (i) List of providers including name, address, license number, and health services provided.
- (j) A statement or map reasonably describing the counties to be served and written assurance that health services shall be provided to enrollees within fifty (50) miles of their residences.
- (k) Proposed contracts and agreements including the following:
1. Applications or individual enrollment forms;
  2. Master contract forms for group enrollment;
  3. Evidence of coverage or handbook;
  4. Riders or endorsements; and
  5. Rates with actuarial justifications.
- (l) A copy of the following professional agreements:
1. Provider agreements;
  2. Third party administrators agreements;
  3. Service agreements;
  4. Administrative agreements; and
  5. Reinsurance agreements.
- (m) A copy of grievance procedures to be utilized for the investigation and resolution of enrollee and provider complaints and grievances.
- (n) A copy of the applicant's plan for handling insolvency as required by KRS 304.17A-310(6).
- (o) Financial program setting forth a three (3) year projection of operations on a quarterly basis which shall include the following:
1. Detailed enrollment projections;
  2. Projection of balance sheets;
  3. Projection of cash flow statements showing any capital expenditures;
  4. Projection of purchase and sale of investments and deposits;
  5. Projection of income and expense statements anticipated from the start of operation until the organization has had net income for one (1) year; and
  6. Statement of the sources of working capital as well as other sources of funding.

Section 4. If any of the information filed with the department pursuant to Section 3 of this administrative regulation changes or becomes incorrect, then the provider-sponsored network shall immediately notify the office in writing of the change and immediately give the department the correction.

Section 5. Incorporated by Reference.

(1) Form 996, "Application for Certificate of Filing as a Provider-Sponsored Integrated Health Delivery Network", 08/2021, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Department of Insurance, The Mayo-Underwood Building, 500 Mero St., Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. Forms may also be obtained on the department Web site at <https://insurance.ky.gov/ppc/CHAPTER.aspx>.

(806 KAR 017:100. 23 Ky.R. 1822, eff. 12-11-1996; TAm eff. 8-9-2007; 47 Ky.R. 2734, 48 Ky.R. 1158; eff. 1-4-2022.)

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