

1300.43.6 Moribund Plans

A health care service plan which is a general acute care hospital whose business as a plan is limited to providing, administering, or otherwise arranging for the provision of health care services to members of one moribund group of not more than 250 members is exempted from the provisions of the Knox-Keene Health Care Service Plan Act of 1975, subject to each of the following conditions:

(a)

That such plan is licensed as a health facility pursuant to Chapter 2 (commencing with Section 1250) of the Health and Safety Code, and is not insolvent.

(b)

That such plan has not accepted any new members for the last twenty years and does not accept any new members for the duration of this exemption.

(c)

That such plan receives prepaid or periodic charges, if any, from members of such group in an amount not exceeding \$5 per member per month and has received no substantial payment or transfer of property from or on behalf of such contracting group during the last twenty years.

(d)

That such plan derives not more than one-half of one percent of its annual income from prepaid or periodic charges paid by or on behalf of members of such group, and has a minimum net worth of \$15,000,000 based upon its most recent certified

financial statements (prepared as of a date within the preceding 15 months).

(e)

That such plan establish and maintain a grievance procedure substantially complying with Section 1300.68.

(f)

That such plan deliver to each subscriber and enrollee within 60 days of the adoption of this section, and thereafter to any subscriber or enrollee upon request, the following written notice: "(Name of plan) IS A HEALTH CARE SERVICE PLAN OPERATING PURSUANT TO AN EXEMPTION FROM THE KNOX-KEENE HEALTH CARE SERVICE PLAN ACT OF 1975 PROVIDED BY RULE OF THE DIRECTOR OF THE DEPARTMENT OF MANAGED HEALTH CARE OF THE STATE OF CALIFORNIA."