

**CHAPTER 303. OUT-OF-STATE HEALTH MAINTENANCE
ORGANIZATION INVESTMENTS**

Sec.
303.1. Review of requests of health maintenance organizations to transfer funds out of this Commonwealth—statement of policy.

Source

The provisions of this Chapter 303 adopted March 25, 1988, effective March 26, 1988, 18 Pa.B. 1392, unless otherwise noted.

§ 303.1. Review of requests of health maintenance organizations to transfer funds out of this Commonwealth—statement of policy.

(a) A request under § 301.65(a) (relating to transfer of funds) may be supported by evidence demonstrating to the Insurance Department that:

(1) The health maintenance organization shall at all times retain legal ownership of the transferred assets.

(2) The health maintenance organization and, under a delinquency proceeding under Article V of The Insurance Department Act of one thousand nine hundred and twenty-one (40 P. S. §§ 221.1—221.63), the Insurance Department, will have access to assets transferred to an affiliate in or out of this Commonwealth within a time deemed reasonable by the Insurance Department.

(b) Adoption of the following business practices represents one method by which the criteria in subsection (a) may be satisfied:

(1) Cash receipts shall be under the direct control of the health maintenance organization that generated the receipts. If a system is under the control of a parent or affiliated company, receipts shall be transferred to the health maintenance organization within a reasonable period of time.

(2) Securities purchased on behalf of a health maintenance organization by a parent or affiliated company shall be in the name of the health maintenance organization generating the funds for the security purchases.

(3) Investments of health maintenance organizations may not be pooled with other entities including nondomestic health maintenance organizations unless there is an agreement which vests an undivided interest to the health maintenance organization in the assets held under a pooled arrangement. The arrangements shall be approved by the Insurance Department.

(4) The commingling of cash or investments between health maintenance organizations is prohibited, except as provided in paragraph (1).

(5) When investing in securities, health maintenance organizations shall be governed by the limitations contained in the investment guidelines adopted by the Insurance Department that are applicable to health maintenance organizations.

(6) A health maintenance organization shall keep its securities within this Commonwealth unless permission is granted in writing by the Insurance Department.