

WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1959

122

ENROLLED

SENATE BILL NO. 122

(By Mr. VASSAR)

PASSED Feb 23 1959

In Effect 90 days from Passage

Filed in Office of the Secretary of State
of West Virginia MAR 3 1959
JOE F. BURDETT
SECRETARY OF STATE

ENROLLED
Senate Bill No. 122
(By MR. VASSAR)

[Passed February 23, 1959; in effect ninety days from passage.]

AN ACT to amend and reenact sections one, two, three, five, six, seven and eleven, article twenty-four, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to hospital service corporations, medical service corporations, and dental service corporations.

Be it enacted by the Legislature of West Virginia:

That sections one, two, three, five, six, seven and eleven, article twenty-four, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended be amended and reenacted to read as follows:

Section 1. *Declaration of Policy.*—In view of the desira-

2 bility of making available to the people of this state in-
3 creased hospital, medical, dental services and other health
4 services, the declared policy of the Legislature in the en-
5 actment of this article is to encourage the organization,
6 promotion, and expansion of hospital service corporations,
7 medical service corporations and dental service corpora-
8 tions by exempting them from the payment of all taxes
9 and from the operation of the general insurance laws of
10 this state, but at the same time subjecting them to such
11 regulation as may be necessary for the adequate protec-
12 tion of those members of the public who subscribe for the
13 services offered by such corporations.

Sec. 2. *Definitions.*—For the purpose of this article:

2 (a) “Corporation” shall mean either a hospital service
3 corporation, a medical service corporation or a dental
4 service corporation.

5 (b) “Hospital service corporation” shall mean a non-
6 profit, nonstock corporation, organized in accordance with
7 the provisions of article one, chapter thirty-one of this
8 code, for the sole purpose of contracting with the public
9 and with hospitals and other health agencies for hospital

10 or other health services to be furnished to subscribers un-
11 der terms of their contract with the corporation.

12 (c) "Hospital service" shall mean only such hospital
13 or other health care, to be provided by hospitals or other
14 health agencies, or such payment therefor, as may be
15 specified in the contract made by the subscriber with the
16 corporation.

17 (d) "Medical service corporation" shall mean a non-
18 profit, nonstock corporation, organized in accordance with
19 the provisions of article one, chapter thirty-one of this
20 code, for the sole purpose of contracting with the public
21 and with duly licensed physicians and duly licensed den-
22 tists for medical or surgical services and with other health
23 agencies for other health services to be furnished to sub-
24 scribers under terms of their contracts with the corpora-
25 tion, and controlled by a board of directors, the majority
26 of whom are duly licensed physicians.

27 (e) "Medical service" shall mean only such medical,
28 surgical, or other health care, to be provided by duly li-
29 censed physicians, duly licensed dentists or other health
30 agencies, or such payment therefor, as may be specified

31 in the contract made by the subscriber with the corpora-
32 tion.

33 (f) "Dental service corporation" shall mean a non-
34 profit, nonstock corporation, organized in accordance with
35 the provisions of article one of chapter thirty-one
36 of this code for the sole purpose of contracting with
37 the public and with duly licensed dentists for dental
38 services to be furnished to subscribers under terms of
39 their contracts with the corporation, and controlled by
40 a board of directors, the majority of whom are duly li-
41 censed dentists.

42 (g) "Dental service" shall mean only such dental care,
43 to be provided by duly licensed dentists, duly licensed
44 physicians, or such payment therefor, as may be specified
45 in the contract made by the subscriber with the corpora-
46 tion.

47 (h) "Service" shall mean such hospital, medical, dental
48 or other health service as shall be provided under the
49 terms of the contracts issued by the corporation to sub-
50 scribers.

*By
e. a. h. c. m. s. d. f.
by
Ed. S.*

51 (i) "Commissioner" shall mean the insurance commis-
52 sioner of West Virginia.

Sec. 3. *Corporations Affected; Eligibility of Hospitals,
2 Physicians and Dentists.*—(a) Every such corporation
3 operating within this state shall be subject to the pro-
4 visions of this article.

5 (b) Every hospital or other health agency in this state
6 meeting the standards prescribed by the board of directors
7 of each such corporation shall be eligible for participation
8 in any hospital service plan operating in this state. Every
9 duly licensed physician, duly licensed dentist or other
10 health agency in this state meeting the standards pre-
11 scribed by the board of directors of each such corporation
12 shall be eligible for participation in any medical service
13 plan operating in this state. Every duly licensed dentist
14 or duly licensed physician in this state meeting the stand-
15 ards prescribed by the board of directors of each such
16 corporation shall be eligible for participation in any dental
17 service plan operating in this state. The board of directors
18 of every such corporation may also prescribe standards for
19 hospitals, physicians, dentists and other health agencies

20 located in states adjoining this state, and all such hos-
21 pitals, physicians, dentists and other health agencies meet-
22 ing such standards shall be eligible for participation in
23 such plans.

Sec. 5. *Licenses.*—(a) No such corporation shall enter
2 into any contract with a subscriber until it has obtained
3 from the commissioner a license as provided in this sec-
4 tion. Application for a license shall be made on forms to
5 be prescribed and furnished by the commissioner.

6 (b) Such application shall be accompanied by a copy of
7 the following documents: (1) Certificate of incorporation;
8 (2) by-laws; (3) contracts between the corporation and
9 participating hospitals, physicians, dentists or other health
10 agencies; (4) proposed contracts to be issued to sub-
11 scribers, setting forth the hospital, medical or dental serv-
12 ice, to which subscribers are entitled, and the table of
13 rates to be charged for such service; and (5) financial
14 statement showing the amount of contributions paid, or
15 agreed to be paid, to the corporation for working capital,
16 the name or names of each contributor and the terms of
17 each contribution.

18 (c) Within thirty days after receipt of an application,
19 the commissioner shall, upon payment to him of a license
20 fee of one hundred dollars, issue a license authorizing the
21 corporation to transact business in this state in the area
22 to be served by it, if he is satisfied (1) that the applicant
23 is incorporated in this state under the provisions of article
24 one of chapter thirty-one of this code as a bonafide non-
25 profit corporation, (2) that the contracts between the cor-
26 poration and participating hospitals, physicians, dentists
27 and other health agencies contain all the terms required
28 by section seven of this article, (3) that the working capi-
29 tal available to the corporation will be sufficient to pay
30 all operating expenses, other than payment for hospital,
31 medical or dental services, for a reasonable period after
32 the issuance of the license, and (4) that the proposed plan
33 will serve the best interests of all of the people of the area
34 in which the corporation intends to operate, regardless of
35 their race, color or economic status. Any license so issued
36 may be renewed annually upon payment to the commis-
37 sioner of a renewal fee of one hundred dollars.

38 (d) The term of such license, renewal, refusal to li-
39 cense, revocation, suspension, or penalty in lieu thereof,
40 shall be governed by the provisions of sections eight, nine,
41 ten and eleven, article three of this chapter, in the same
42 manner that such sections are applicable to insurers gen-
43 erally.

44 (e) No such corporation shall include in its name the
45 words 'insurance', 'casualty', 'surety', 'health and accident',
46 'accident and sickness', 'mutual', or any other words de-
47 scriptive of the insurance business; nor shall such name
48 be so similar to that of any insurer which was licensed to
49 transact insurance in this state when such corporation
50 was formed as to tend, in the opinion of the commissioner,
51 to confuse the public.

Sec. 6. *Supervision by Commissioner; Approval of Con-*
2 *tracts, Forms, Rates and Fees.*— (a) It shall be the duty of
3 the commissioner to enforce the provisions of this article.

4 (b) No such corporation shall deliver or issue for de-
5 livery any subscriber's contract, changes in the terms of
6 such contract, application, rider or endorsement, until a
7 copy thereof and the rates pertaining thereto have been

8 filed with and approved by the commissioner. All such
9 forms filed with the commissioner shall be deemed ap-
10 proved after the expiration of thirty days from the date
11 of such filing unless the commissioner shall have disap-
12 proved the same, stating his reasons for such disapproval
13 in writing, except that such period may be extended for
14 an additional period not to exceed fifteen days upon writ-
15 ten notice thereof from the commissioner to the applicant.
16 Such forms may be used prior to the expiration of such
17 periods if written approval thereof has been received from
18 the commissioner.

19 (c) No rates to be charged subscribers shall be used or
20 established by any such corporation unless and until the
21 same have been filed with the commissioner and approval
22 shall be the same as that prescribed in paragraph (b) of
23 this section for the approval of forms. The commissioner
24 shall approve all such rates which are not excessive, in-
25 adequate or unfairly discriminatory.

26 (d) The commissioner shall pass upon the actuarial
27 soundness of the schedule of fees to be paid hospitals,
28 physicians, dentists and other health agencies.

Sec. 7. *Required Provisions in Contracts Made by the*
2 *Corporations with Hospitals, Physicians, Dentists and*
3 *Other Health Agencies.*—Each contract made by the cor-
4 poration with participating hospitals, physicians, dentists
5 and other health agencies shall contain the following pro-
6 visions:

7 (a) That the hospital, physician, dentist or other health
8 agency will render to any subscriber such service as he
9 may be entitled to under the terms and conditions of the
10 contract issued to the subscriber by the corporation.

11 (b) That in submitting bills to the corporation for serv-
12 ices rendered to subscribers under the terms of their con-
13 tracts, the hospitals, physicians, dentists and other health
14 agencies will make only such charges as are set forth in an
15 agreed schedule of fees to be paid by the corporation.

16 (c) That, in case of a deficit in available funds of the
17 corporation, each participating hospital, physician, dentist
18 or other health agency will, on the basis stated in this sec-
19 tion, accept a pro rata share of available funds in full set-
20 tlement of any bill submitted.

21 (d) That, in the event a surplus remains after an annual
22 accounting of the financial condition of the corporation,
23 such surplus may be used by the corporation, upon an af-
24 firmative vote of a majority of its board of directors, for
25 the following purposes, in the order of priority stated be-
26 low:

27 (1) To liquidate on a pro rata basis any losses incurred
28 by hospitals, physicians, dentists or other health agency
29 upon the settlement of bills in previous years.

30 (2) To return the original contributions for working
31 capital, or any part thereof, on a pro rata basis.

32 (3) To reduce rates charged subscribers, or to expand
33 the services rendered them.

Sec. 11. Reciprocity with Other Service Plans Defined;

2 *Payment Authorized.*—Hospital, medical and dental serv-
3 ice corporations licensed and operating under provisions
4 of this article are hereby authorized to promote and en-
5 courage reciprocity with other licensed hospital, medical
6 and dental plans, both within and without this state, in
7 expanding their services to subscribers. In the event that
8 a subscriber to a plan requires emergency hospital, medi-

9 cal or dental service, or, in the event that the particular
10 services that he receives are not available through the
11 plan to which he subscribes, such plan is hereby author-
12 ized to make payment on behalf of such subscriber for
13 such service on a basis not to exceed its schedule of fees
14 to be paid hospitals, physicians or dentists previously ap-
15 proved by the commissioner and on file in his office.

The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

[Handwritten Signature]
Chairman Senate Committee

Eudora Andrews
Chairman House Committee

Originated in the Senate.

Takes effect 90 days from passage.

[Handwritten Signature]
Clerk of the Senate

C. A. Blankenship
Clerk of the House of Delegates

[Handwritten Signature]
President of the Senate

[Handwritten Signature]
Speaker House of Delegates

The within approved this the 3rd
day of March, 1959.

[Handwritten Signature]
Governor

