WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1959

ENROLLED
SENATE BILL NO. 122
(By Mr. NASSAR)

PASSED Feb 23 1959

In Effect 90 days from Passage

Filed in Office of the Secretary of State
MAR 3 1959
JOE F. BURDETT
SECRETARY OF STATE
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-
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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
or other health services to be furnished to subscribers under terms of their contract with the corporation.

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

(d) "Medical service corporation" shall mean a non-profit, nonstock corporation, organized in accordance with the provisions of article one, chapter thirty-one of this code, for the sole purpose of contracting with the public and with duly licensed physicians and duly licensed dentists for medical or surgical services and with other health agencies for other health services to be furnished to subscribers under terms of their contracts with the corporation, and controlled by a board of directors, the majority of whom are duly licensed physicians.

(e) "Medical service" shall mean only such medical, surgical, or other health care, to be provided by duly licensed physicians, duly licensed dentists or other health agencies, or such payment therefor, as may be specified
in the contract made by the subscriber with the corporation.

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

(g) "Dental service" shall mean only such dental care, to be provided by duly licensed dentists, duly licensed physicians, or such payment therefor, as may be specified in the contract made by the subscriber with the corporation.

(h) "Service" shall mean such hospital, medical, dental or other health service as shall be provided under the terms of the contracts issued by the corporation to subscribers.
Sec. 3. Corporations Affected; Eligibility of Hospitals, Physicians and Dentists.—(a) Every such corporation operating within this state shall be subject to the provisions of this article.

(b) Every hospital or other health agency in this state meeting the standards prescribed by the board of directors of each such corporation shall be eligible for participation in any hospital service plan operating in this state. Every duly licensed physician, duly licensed dentist or other health agency in this state meeting the standards prescribed by the board of directors of each such corporation shall be eligible for participation in any medical service plan operating in this state. Every duly licensed dentist or duly licensed physician in this state meeting the standards prescribed by the board of directors of each such corporation shall be eligible for participation in any dental service plan operating in this state. The board of directors of every such corporation may also prescribe standards for hospitals, physicians, dentists and other health agencies.
located in states adjoining this state, and all such hos-
itals, physicians, dentists and other health agencies meet-
ing such standards shall be eligible for participation in
such plans.

Sec. 5. Licenses.—(a) No such corporation shall enter
into any contract with a subscriber until it has obtained
from the commissioner a license as provided in this sec-
tion. Application for a license shall be made on forms to
be prescribed and furnished by the commissioner.
(b) Such application shall be accompanied by a copy of
the following documents: (1) Certificate of incorporation;
(2) by-laws; (3) contracts between the corporation and
participating hospitals, physicians, dentists or other health
agencies; (4) proposed contracts to be issued to sub-
scribers, setting forth the hospital, medical or dental serv-
ice, to which subscribers are entitled, and the table of
rates to be charged for such service; and (5) financial
statement showing the amount of contributions paid, or
agreed to be paid, to the corporation for working capital,
the name or names of each contributor and the terms of
each contribution.
(c) Within thirty days after receipt of an application, the commissioner shall, upon payment to him of a license fee of one hundred dollars, issue a license authorizing the corporation to transact business in this state in the area to be served by it, if he is satisfied (1) that the applicant is incorporated in this state under the provisions of article one of chapter thirty-one of this code as a bonafide non-profit corporation, (2) that the contracts between the corporation and participating hospitals, physicians, dentists and other health agencies contain all the terms required by section seven of this article, (3) that the working capital available to the corporation will be sufficient to pay all operating expenses, other than payment for hospital, medical or dental services, for a reasonable period after the issuance of the license, and (4) that the proposed plan will serve the best interests of all of the people of the area in which the corporation intends to operate, regardless of their race, color or economic status. Any license so issued may be renewed annually upon payment to the commissioner of a renewal fee of one hundred dollars.
(d) The term of such license, renewal, refusal to license, revocation, suspension, or penalty in lieu thereof, shall be governed by the provisions of sections eight, nine, ten and eleven, article three of this chapter, in the same manner that such sections are applicable to insurers generally.

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

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

(b) No such corporation shall deliver or issue for delivery any subscriber's contract, changes in the terms of such contract, application, rider or endorsement, until a copy thereof and the rates pertaining thereto have been
filed with and approved by the commissioner. All such forms filed with the commissioner shall be deemed approved after the expiration of thirty days from the date of such filing unless the commissioner shall have disapproved the same, stating his reasons for such disapproval in writing, except that such period may be extended for an additional period not to exceed fifteen days upon written notice thereof from the commissioner to the applicant. Such forms may be used prior to the expiration of such periods if written approval thereof has been received from the commissioner.

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

(d) The commissioner shall pass upon the actuarial soundness of the schedule of fees to be paid hospitals, physicians, dentists and other health agencies.
Sec. 7. Required Provisions in Contracts Made by the Corporations with Hospitals, Physicians, Dentists and Other Health Agencies.—Each contract made by the corporation with participating hospitals, physicians, dentists and other health agencies shall contain the following provisions:

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

(b) That in submitting bills to the corporation for services rendered to subscribers under the terms of their contracts, the hospitals, physicians, dentists and other health agencies will make only such charges as are set forth in an agreed schedule of fees to be paid by the corporation.

(c) That, in case of a deficit in available funds of the corporation, each participating hospital, physician, dentist or other health agency will, on the basis stated in this section, accept a pro rata share of available funds in full settlement of any bill submitted.
(d) That, in the event a surplus remains after an annual accounting of the financial condition of the corporation, such surplus may be used by the corporation, upon an affirmative vote of a majority of its board of directors, for the following purposes, in the order of priority stated below:

1. To liquidate on a pro rata basis any losses incurred by hospitals, physicians, dentists or other health agency upon the settlement of bills in previous years.
2. To return the original contributions for working capital, or any part thereof, on a pro rata basis.
3. To reduce rates charged subscribers, or to expand the services rendered them.

Sec. 11. Reciprocity with Other Service Plans Defined; Payment Authorized.—Hospital, medical and dental service corporations licensed and operating under provisions of this article are hereby authorized to promote and encourage reciprocity with other licensed hospital, medical and dental plans, both within and without this state, in expanding their services to subscribers. In the event that a subscriber to a plan requires emergency hospital, medi-
cal or dental service, or, in the event that the particular services that he receives are not available through the plan to which he subscribes, such plan is hereby authorized to make payment on behalf of such subscriber for such service on a basis not to exceed its schedule of fees to be paid hospitals, physicians or dentists previously approved by the commissioner and on file in his office.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

[Signature]
Chairman Senate Committee

[Signature]
Chairman House Committee

Originated in the Senate.

Takes effect ____________ passage.

[Signature]
Clerk of the Senate

[Signature]
Clerk of the House of Delegates

[Signature]
President of the Senate

[Signature]
Speaker House of Delegates

The within approved this the ____________ day of ____________, 1959.

[Signature]
Governor