WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1982

ENROLLED
Comm. Sub. for
HOUSE BILL No. 1793

(By Mr. Schifano and Mr. Givens)

Passed March 13, 1982

In Effect Ninety Days From Passage
AN ACT to amend and reenact sections one, two, three, seven and eleven, article twenty-four, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended; and to further amend said article by adding thereto a new section, designated section twelve, all relating to hospital service corporations, medical service corporations, dental service corporations; authority to create health service corporations by merger or consolidation; deletion of certain required contract provisions; and authority to create certain subsidiary corporations.

Be it enacted by the Legislature of West Virginia:

That sections one, two, three, 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; and that said article be further amended by adding thereto a new section, designated section twelve, all to read as follows:

ARTICLE 24. HOSPITAL SERVICE CORPORATIONS, MEDICAL SERVICE CORPORATIONS, DENTAL SERVICE CORPORATIONS AND HEALTH SERVICE CORPORATIONS.

§33-24-1. Declaration of policy.

1 In view of the desirability of making available to the people
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of this state increased hospital, medical, dental services and
other health services, the declared policy of the Legislature in
the enactment of this article is to encourage the organization,
promotion and expansion of hospital service corporations,
medical service corporations, dental service corporations and
health service corporations by exempting them from the pay-
ment of all taxes and from the operation of the general insur-
ance laws of this state, but at the same time subjecting them
to such regulation as may be necessary for the adequate pro-
tection of those members of the public who subscribe for the
services offered by such corporation.


For the purpose of this article:

(a) "Corporation" means either a hospital service corpora-
tion, a medical service corporation, a dental service corpora-
on or a health service corporation.

(b) "Hospital service corporation" means a nonprofit, non-
stock 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 hospitals and
other health agencies for hospital or other health services to
be furnished to subscribers under terms of their contract with
the corporation, and controlled by a board of directors, not
more than twenty percent of whom, or whose spouse, parent,
child, brother or sister by blood or marriage, are engaged in
the providing of health care and at least eighty percent of
whom shall be chosen as representatives of the interests of
consumers, elderly persons, organized labor and business sub-
scribers.

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

(d) "Medical service corporation" means a nonprofit, non-
stock 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, duly licensed dentists and duly licensed podiatrists for medical or surgical services and with duly licensed chiropractors and other health agencies for other health services to be furnished to subscribers under terms of their contract with the corporation, and controlled by a board of directors, not more than twenty percent of whom, or whose spouse, parent, child, brother or sister by blood or marriage, are engaged in the providing of health care and at least eighty percent of whom shall be chosen as representatives of the interests of consumers, elderly persons, organized labor and business subscribers.

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

(f) "Dental service corporation" means a nonprofit, non-stock 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 dentists for dental services to be furnished to subscribers under terms of their contracts with the corporations, and controlled by a board of directors, not more than twenty percent of whom or whose spouse, parent, child, brother or sister by blood or marriage, are engaged in the providing of health care and at least eighty percent of whom shall be chosen as representatives of the interests of consumers, elderly persons, organized labor and business subscribers.

(g) "Dental service" means 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) "Health service corporation" means a nonprofit, non-stock corporation, organized in accordance with the provisions of article one, chapter thirty-one of this code, for the purpose of contracting with the public and with hospitals and other
health agencies for hospital or other health services to be furnished to subscribers or for the purpose of contracting with the public and with duly licensed physicians, duly licensed dentists and duly licensed chiropodists-podiatrists for medical or surgical services and with duly licensed chiropractors and other health agencies for other health services or for the purpose of contracting with the public and with duly licensed dentists for dental services to be furnished to subscribers, all under terms of their contract or contracts with the corporation, and controlled by a board of directors, not more than twenty percent of whom, or whose spouse, parent, child, brother or sister by blood or marriage, are engaged in the providing of health care and at least eighty percent of whom shall be chosen as representatives of the interests of consumers, elderly persons, organized labor and business subscribers. A hospital service corporation, or hospital service corporations, a medical service corporation, or medical service corporations, or a dental service corporation, or dental service corporations, licensed in accordance with the provisions of this article shall be authorized and permitted to merge into or consolidate with other such corporations in accordance with the merger or consolidation provisions of sections one hundred fifty and one hundred fifty-one, article one, chapter thirty-one of the code, to form a health service corporation: Provided, That no such merger or consolidation shall be effectuated unless in advance thereof the plan, agreement and other supporting documents have been filed with and approved in writing by the commissioner. The commissioner shall give such approval within a reasonable time after such filing unless he finds such plan or agreement:

(1) Is contrary to law; or

(2) Hazardous to the interests of the subscribers of any corporations involved; or

(3) Would substantially reduce the security of and service to be rendered to the subscribers of any corporation involved.

If the commissioner does not approve any such plan or agreement he shall so notify the corporation or corporations in writing specifying his reasons therefor.

(i) "Health service" means such hospital, medical, surgical,
dental care or other health care to be provided by hospitals or other health agencies, duly licensed physicians, duly licensed dentists, duly licensed podiatrists or other health care, to be provided by duly licensed chiropractors, as the case may be, or such payment therefor, as may be specified in the contract made by the subscriber with the corporation.

(j) “Service” means such hospital, medical, dental and other health service as shall be provided under the terms of the contracts issued by the corporation to subscribers.

(k) “Commissioner” means the insurance commissioner of West Virginia.

§33-24-3. Corporations affected by article; eligibility of hospitals, physicians, dentists, chiropodists-podiatrists and chiropractors.

(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, or health service plan, operating in this state. Every duly licensed physician, duly licensed dentist, duly licensed chiropodist-podiatrist, duly licensed chiropractor 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, or health 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, or health service plan, operating in this state. The board of directors of every such corporation may also prescribe standards for hospitals, physicians, dentists, chiropodists-podiatrists, chiropractors and other health agencies located in states adjoining this state, and all such hospitals, physicians, dentists, chiropodists-podiatrists, chiropractors and other health agencies meeting such standards shall be eligible for participation in such plans.
§33-24-7. Required provisions in contracts made by 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.

§33-24-11. Reciprocity with other service plans; payment authorized.

Hospital, medical, dental and health service corporations licensed and operating under provisions of this article are hereby authorized to promote and encourage reciprocity with other licensed hospitals, medical, dental and health plans, both within and without the state, in expanding their services to subscribers. In the event that a subscriber to a plan requires emergency hospital, medical, dental or health 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.

§33-24-12. Creation of subsidiary corporation or corporations.

In addition to the other rights given a corporation under the provisions of this article, a health service corporation may, subject to prior approval of the commissioner, create a subsidiary corporation or corporations, either nonprofit corporation or a corporation organized for pecuniary profit, for any lawful business purpose which is related to and promotes the
purposes for which hospital, medical, dental and health service

7    corporations are organized: *Provided, That* no subsidiary cor-
8    poration created pursuant to the provisions of this section shall
9    be entitled to the exemptions established by the provisions of
10   this article and all such subsidiary corporations shall be gov-
11   erned by and subject to all other applicable provisions of this
12   code: *Provided, however, That* no such subsidiary corporation
13   shall be entitled to the exemptions provided under section
14   seven of this article.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

R. P. Boyles
Chairman Senate Committee

Tony E. Whitley
Chairman House Committee

Originating in the House.

Takes effect ninety days from passage.

Todd C. Williams
Clerk of the Senate

C. E. Blankenship
Clerk of the House of Delegates

Warren P. McFerrn
President of the Senate

Charles L. Fawcett
Speaker House of Delegates

The within _______ approved _______ this the 31 _______ day of ________ , 1982.

John R. Douglas
Governor

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