

AN ACT

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IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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District of  
Columbia  
Official Code*

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To establish general procedures for the orderly voluntary withdrawal from the health benefit plan market by carriers licensed in the District of Columbia.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Procedures for the Voluntary Withdrawal from the Market by Carriers Licensed in the District of Columbia to Sell Health Benefit Plans Act of 2004”.

Sec. 2. Definitions.

For the purposes of this act, the term:

(1) “Application” means a carrier’s application pursuant to this act for approval to voluntarily withdraw from the District of Columbia health insurance market.

(2) “Carrier” means any person or organization subject to the authority of the Commissioner that provides one or more health benefit plans in the District of Columbia, and includes an insurer, a hospital and medical services corporation, a fraternal benefit society, a health maintenance organization, or multiple employer welfare arrangement.

(3) “Commissioner” means the Commissioner of the Department of Insurance, Securities, and Banking.

(4) “Health benefit plan” means any accident and health insurance policy or certificate, hospital and medical services corporation contract, health maintenance organization subscriber contract, a plan provided by a multiple employer welfare arrangement, or a plan provided by another benefit arrangement. The term “health benefit plan” does not mean accident only, credit, or disability insurance; coverage of Medicare services or federal employee health plans, pursuant to contracts with the United States government; Medicare supplement or long-term care insurance; dental only or vision only insurance; specified disease insurance; hospital confinement indemnity coverage; limited benefit health coverage; coverage issued as a supplement to liability insurance; insurance arising out of a workers' compensation or similar law; automobile medical payment insurance; medical expense and loss of income benefits; or insurance under which benefits are payable with or without regard to fault and that is statutorily required to be contained in any liability insurance policy or equivalent self-insurance.

(5) "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, approved August 21, 1996 (110 Stat. 1936; scattered sections of the United States Code).

(6) "Medicare" means the health insurance program established pursuant to the Health Insurance for the Aged Act, approved July 30, 1965 (79 Stat. 290; 42 U.S.C. § 401 *et seq.*).

(7) "Withdraw" means the full cessation of underwriting insurance policies, including the nonrenewal of existing insurance policies, relative to any line of business or any subgroup thereof, including individual accounts.

Sec. 3. Procedures for voluntary withdrawal by carriers.

(a) A carrier shall give the Commissioner written notice, prior to notifying the members of the health benefit plan, of its intent to discontinue the offering of all health benefit plans in the District of Columbia and shall submit to the Commissioner an application with the following information:

- (1) The name of the carrier;
- (2) The name, address, telephone number, and facsimile number of the

carrier's

representative responsible for the activities pertaining to withdrawing from the District of Columbia health insurance market;

(3) A specific description of the reasons the carrier is withdrawing its health benefit plans from the District of Columbia health insurance market;

(4) A statement of the number of in-force policies affected by the withdrawal;

(5) A copy of the nonrenewal notice, which complies with HIPAA, that the carrier will send to its enrollees and dependents once its application is approved; and

(6) Any other information or documentation that the Commissioner considers relevant and appropriate in connection with the carrier ceasing to offer a health benefit plan in the District of Columbia.

(b) The carrier shall obtain prior approval of its application from the Commissioner before it commences to voluntarily withdraw from the District of Columbia health insurance market.

(c) The Commissioner shall complete his or her review of the application submitted by the carrier to withdraw from the District of Columbia health insurance market within 60 days after receipt of all requested documentation.

(d) To ensure that health care services will be available and accessible to all group and nongroup policyholders of a withdrawing carrier, the Commissioner may allocate the group and nongroup contracts among other carriers in a similar manner as provided in section 15 of the Health Maintenance Organization Act of 1996, effective April 9, 1997 (D.C. Law 11-235; D.C. Official Code § 31-3414).

(e) The Commissioner may condition his or her approval of the carrier's application upon the terms and conditions as are necessary for the protection of the carrier's policyholders, its creditors, or the public interest.

Sec. 4. Judicial review; mandamus.

(a) Any carrier aggrieved by any act, determination, rule, regulation, or order or any other action of the Commissioner pursuant to this act, and which was the subject of a contested case, may appeal to the District of Columbia Court of Appeals, in accordance with section 11 of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1209; D.C. Official Code § 2-510).

(b) The filing of an appeal pursuant to this section shall not stay the application of any rule, regulation, order, or other action of the Commissioner to the appealing party unless the court, after giving the appealing party notice and an opportunity to be heard, determines that failure to grant the stay would be detrimental to the interest of policyholders, shareholders, creditors, or the public.

(c) Any carrier aggrieved by any failure of the Commissioner to act or make a determination required by this act may petition the Superior Court of the District of Columbia for a writ in the nature of a mandamus or a peremptory mandamus directing the Commissioner to act or make the determination forthwith.

Sec. 5. Regulations.

The Commissioner may promulgate rules and regulations necessary to implement the provisions of this act, including provisions for the disposal of books of business.

Sec. 6. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 7. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act,

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approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.

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Chairman  
Council of the District of Columbia

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Mayor  
District of Columbia