

**40-3233. Rehabilitation, liquidation or conservation of health maintenance organization; commissioner's powers; priority of enrollee; distribution of assets.** (a) A rehabilitation liquidation or conservation of a health maintenance organization shall be deemed to be the rehabilitation, liquidation or conservation of an insurance company and shall be conducted under the supervision of the commissioner pursuant to the law governing the rehabilitation, liquidation or conservation of insurance companies. The commissioner may apply for an order directing the commissioner to rehabilitate, liquidate or conserve a health maintenance organization upon any one or more grounds set out in the insurers supervision, rehabilitation and liquidation act, K.S.A. 40-3605 *et seq.*, and amendments thereto, or when in the commissioner's discretion the continued operation of such health maintenance organization would be hazardous either to the enrollees of such health maintenance organization or to the people of this state. Each enrollee of such health maintenance organization shall have the same priority in the event of liquidation or rehabilitation as the law provides to policy holders of an health organization.

(b) For purpose of determining the priority of distribution of general assets, any claim of any enrollee or enrollees' beneficiary shall have the same priority as established by K.S.A. 40-3641, and amendments thereto, for policyholders and beneficiaries of insureds of insurance companies. If an enrollee is liable to a nonparticipating provider for services provided pursuant to and covered by the health maintenance organization, such liability shall have the status of such enrollee's claim for distribution of general assets. A provider who is obligated by statute or agreement to hold any enrollee harmless from liability for services provided pursuant to and covered by a health maintenance organization shall have a priority of distribution of the general assets immediately following that of enrollees and enrollees' beneficiaries as described herein, and immediately preceding the priority of distribution described in subsection (d) of K.S.A. 40-3641 and amendments thereto.

**History:** L. 2000, ch. 147, § 34; July 1.