

514B.5 Issuance and denial of a certificate of authority.

The commissioner shall issue or deny a certificate of authority to any person filing an application pursuant to [section 514B.3](#) within a reasonable period of time. Issuance of a certificate of authority shall be granted upon payment of the application fee prescribed in [section 514B.22](#) if the commissioner is satisfied that the following conditions are met:

1. The persons responsible for the conduct of the affairs of the applicant are competent and trustworthy.

2. The commissioner finds that the health maintenance organization's proposed plan of operation meets the requirements of [section 514B.4](#).

3. The health maintenance organization provides or arranges for the provision of basic health care services on a prepaid basis, except that the health maintenance organization may impose deductible and coinsurance charges subject to approval by the commissioner. The commissioner has the authority to promulgate rules pursuant to [chapter 17A](#) establishing reasonable maximum deductible and coinsurance charges which may be imposed by health maintenance organizations.

4. The health maintenance organization is fiscally sound and may reasonably be expected to meet its obligations to enrollees. In making this determination, the commissioner may consider:

a. The financial soundness of the health maintenance organization's arrangements for health care services in relation to its schedule of charges.

b. The adequacy of the health maintenance organization's working capital.

c. Any agreement made by the health maintenance organization with an insurer, a corporation authorized under [chapter 514](#) or any other organization for insuring the payment of the cost of health care services or for providing immediate alternative coverage in the event of discontinuance of the health maintenance organization.

d. Any agreement made with providers for the provision of health care services.

e. Any surety bond or deposit of cash or securities submitted in accordance with [section 514B.16](#).

5. The enrollees may participate in matters of policy and operation pursuant to [section 514B.7](#).

6. Nothing in the proposed method of operation as shown by the information submitted pursuant to [section 514B.3](#) or by independent investigation is contrary to the public interest.

A certificate of authority shall be denied only after compliance with the requirements of [section 514B.26](#).

[C75, 77, 79, 81, §514B.5]

92 Acts, ch 1162, §22, 23

Referred to in [§513C.4](#), [514B.3](#), [514B.9](#)