



DEPARTMENT OF COMMERCE

INSURANCE DIVISION

201 South Fall Street

Carson City, Nevada 89710

(702) 885-4270

BULLETIN NO. 87-001

January 14, 1987

**FORMAT FOR THE ANNUAL AND QUARTERLY STATEMENTS
FOR HEALTH MAINTENANCE ORGANIZATIONS**

Pursuant to regulations adopted by the Division of Insurance in NAC 695C.137, each health maintenance organization (HMO) licensed in Nevada is required to maintain an account with the following reserves:

1. An amount equal to the premium taxes owed pursuant to chapter 680B of NRS; and
2. After the first year of operation, an amount equal to twice its actual average monthly uncovered expenditures for the previous year of operation or \$500,000, whichever is greater.

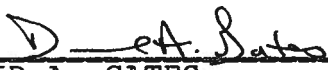
The Division has adopted NAC 695C.270 which requires each HMO to file its annual reports on a form drafted by the National Association of HMO Regulators (NAHMOR). On page 3 of this form, (Report 1, Part B), Line 19 is entitled "Reserves and Restricted Funds". These funds must be held as a part of the HMO's net worth. Line 13 of that same page is entitled "Statutory Liability" and these funds must be held as a liability reserve.

The reserves held by an HMO pursuant to NAC 695C.137 are deemed to be liabilities of the HMO and not assets since they are held by the HMO as a protection against insolvency and for the

payment of premium taxes. Using the amount of reserves held by an HMO as a liability will increase the cash available to the HMO in case of any insolvency.

Each HMO, when completing its quarterly or annual statements, must enter the amount of the reserves held by it pursuant to NAC 695C.137 as a liability on Line 13 of Page 3 of the NAHMOR form. A copy of that page from the report is attached for your use.

Any HMO requiring additional assistance in the completion of its annual statement should contact the Division's staff at the Division of Insurance, 201 South Fall Street, Carson City, Nevada or telephone (702) 885-4270.



DAVID A. GATES
Commissioner of Insurance

TPFR:DAG:mr

Report #1-Part B: BALANCE SHEET LIABILITIES AND NET WORTH

| | Current Period | | | Previous Year |
|---|----------------|----------------|------------|---------------|
| | 1 Covered* | 2 Uncovered | 3 Total | 4 Total |
| CURRENT LIABILITIES: | | | | |
| 1. Accounts Payable | | | | |
| 2. Claims Payable (Reported) (Schedule F) | | | | |
| 3. Accrued Inpatient Claims (Not Reported) (Schedule F) | | | | |
| 4. Accrued Physician Claims (Not Reported) (Schedule F) | | | | |
| 5. Accrued Referral Claims (Not Reported) (Schedule F) | | | | |
| 6. Accrued Other Medical (Schedule F) | | | | |
| 7. Accrued Medical Incentive Pool | | | | |
| 8. Unearned Premiums | | | | |
| 9. Loans and Notes Payable—Current (Schedule G) | | | | |
| 10. | | | | |
| 11. TOTAL CURRENT LIABILITIES (Items 1 to 10) | | | | |
| OTHER LIABILITIES: | | | | |
| 12. Loans and Notes (Schedule G) | | | | |
| 13. Statutory Liability | | | | |
| 14. | | | | |
| 15. TOTAL OTHER LIABILITIES (Items 12 to 14) | | | | |
| NET WORTH: | | | | |
| 16. Donated Capital | xxx | xxx | | |
| 17. Capital | xxx | xxx | | |
| 18. Paid in Surplus | xxx | xxx | | |
| 19. Reserves and Restricted Funds | xxx | xxx | | |
| 20. Unassigned Surplus | xxx | xxx | | |
| 21. TOTAL NET WORTH (Items 16 to 20) | xxx | xxx | | |
| 22. TOTAL LIABILITIES AND NET WORTH (Items 11, 15 and 21) | | | | |

*Describe in the Notes to Financial Statements the manner in which each liability is covered.