

**40-19c04. Contracts.** A corporation organized under the provisions of the nonprofit medical and hospital service corporation act is empowered and authorized to enter into contracts to provide professional and hospital service for its subscribers with health care providers licensed to practice in the state of Kansas and with hospitals, including municipal, county, proprietary and charitable hospitals, as may be licensed by the secretary of health and environment for such types and kinds of service such corporation may determine. The governing bodies of municipal or county hospitals are hereby authorized and empowered to contract with corporations organized under this act to provide hospital service for the subscribers of such corporations. Such contracts shall constitute direct obligations of the participating health care providers and hospitals to the subscribers. Nothing in any contract to be made by any such corporation with a participating health care provider, participating hospital or subscriber shall have the effect of imposing upon any participating health care provider or hospital any obligation or liability for any act, omission or default of any other participating health care providers or hospitals or of such corporation.

Such corporations may also enter into contracts with any health maintenance organization, partnership, domestic or foreign corporation or association in the state of Kansas or in other states, territories, possessions of the United States or in Canada, or with any local, state or federal governments or units thereof, so that:

- (1) Reciprocity of benefits may be provided to subscribers of such corporations;
- (2) transfer of subscribers from one corporation to another may be effected to conform to the subscriber's place of residence;
- (3) uniform benefits may be provided for all employees and the dependents of such employees of corporations and other organizations transacting business in Kansas and elsewhere, and a composite rate (a rate representing the composite experience) of the areas involved may be charged for such employees and their dependents;
- (4) service or indemnity benefits for medical care or other health services for the subscribers, members or policyholders of such corporations or associations may be provided but not to exceed reasonable and customary charges that a subscriber may incur for these services;
- (5) administrative, accounting, data processing, cost control, marketing, claims processing, fiscal and other services may be provided for a hospital care or other health service plan with any agency, instrumentality or political subdivision of the United States or the state of Kansas, or with any person, corporation, health maintenance organization, partnership, group, or association providing such hospital care or other health service plan under any applicable state or federal law. Such contract may authorize such corporation to accept, receive, and administer in trust, funds directly or indirectly made available for the purposes set forth in said contract;
- (6) reinsurance or joint assumption of risks may be undertaken between two or more corporations organized under the provisions of this act. Such contracts may provide for experience rating, the sharing of premiums, claims and expenses by the participating corporation, or for acceptance or ceding of the whole or portions of the risk on a reinsurance basis;
- (7) administrative, accounting, data processing, cost control, marketing, claims processing, fiscal and other services may be provided to employers or voluntary employees' beneficiary associations where such employers or voluntary employees' beneficiary associations provide indemnity for hospital care or other health services to their employees or members under the terms of a plan of indemnification. Such contract may authorize such corporation to accept, receive and administer in trust, funds directly or indirectly made available for the purposes set forth in said contract. Contracts entered into pursuant to the provisions of this subsection shall provide for recoupment of all expenses incurred by the corporation in performing the services required by said contract and shall not adversely affect the interests of subscribers. Such corporation may enter into contracts with participating hospitals and health care providers to provide hospital services, professional services and other health services for such employees or members; and
- (8) experimental and demonstration projects may be undertaken to determine the relative advantages and disadvantages of various alternative methods of providing service or indemnity benefits for hospital care or other health services. Such projects may include payment systems to providers designed to encourage providers to use their facilities and personnel more efficiently and thereby to reduce the total costs of hospital care, professional services and other health services involved without adversely affecting the quality of such services.

**History:** L. 1980, ch. 137, § 22; L. 1990, ch. 168, § 2; July 1.