

Withdrawal Guidelines

To withdraw or cease writing a line or lines of insurance in the state of Texas any authorized HMO needs **prior** approval of the Commissioner of Insurance (refer to [Texas Insurance Code \(TIC\), 827](#) and [Title 28 of the Texas Administrative Code \(TAC\) 7.1801 - 7.1808](#)). The HMO shall file with the commissioner a plan for orderly withdrawal if the HMO proposes to:

1. A total withdrawal from the State of Texas
2. Reduce the HMO's total annual premium volume by 50 percent or more;
3. Reduce the HMO's annual premium by 75 percent or more in a line of insurance in this state.

Approval of the withdrawal plan is required before notifications of termination or non-renewal are sent to agents or policyholders.

A separate withdrawal plan must be filed for each HMO intending to withdraw or cease writing a line or lines of insurance.

Exceptions

No approval is required in the following exceptions, but the HMO must notify the Department when:

1. The HMO is transferring business to a company within the same holding company system, as defined in the Insurance Holding Company System Regulatory Act, the Texas Insurance Code, Chapter 823, and the company is authorized/admitted to do HMO business in this state, or an affiliated HMO. *
2. The HMO is not acting on its own initiative in effecting a withdrawal when it acts under a Commissioner's disciplinary or administrative directive or order, or the HMO acts under a directive of a supervisor, conservator, or receiver. If any out-of-state directive or order is not provided to the Commissioner within 30 days of the issuance of any such directive or Order, the HMO will be held to have acted on its own initiative.
3. The line of insurance from which the HMO is withdrawing is Medicare, a Medicare+Choice plan or a Medicaid contract as provided in TAC 7.1804(b)(2) [Home - Rules & Meetings](#).
4. If an HMO comes within an exception provided in TAC 7.1804 subsection (b), notification must be sent to the department simultaneously with any notification required to be provided to any other state or federal agency. The notification will be accepted for information only and must affirm that any

appropriate state or federal agency has been notified of the HMO's intent to withdraw, and must include the effective date of nonrenewal, the names of the Texas counties affected, and the number of insureds or enrollees affected.

5. TAC 7.1804 does not modify or supersede any requirement under the Insurance Code or any other state or federal law to notify policyholders or enrollees that an insurer or HMO will not renew any coverage; however, before any such notice is given a withdrawal plan must be filed with the department and approved by the department under §7.1806 of this title (relating to Withdrawal Plan Submission and Approval Procedures) when a plan is required by this section.

* The transfer of business among affiliates is to be seamless. It can be done by an assumptive reinsurance filing with TDI, in which all the business is transferred to the affiliate on a certain date. If the transfer will be done at renewal of policies, there should be no re-underwriting of the affected policyholders. The entire group of impacted insureds should be offered coverage by the affiliate.

If the HMO wishes to surrender its Certificate of Authority at the end of the withdrawal period:

- A Certificate of Authority cannot be canceled until all enrollee claims and obligations are met as provided in the plan of withdrawal.
- An HMO that has outstanding Texas enrollee liabilities or policies in force, will not receive approval for cancellation of the Certificate of Authority or dissolution of charter.
- An HMO whose Certificate of Authority has not been canceled must continue to make all statutory filings and pay all statutory fees and assessments until such time as the Certificate of Authority is canceled.
- Statutory deposits will not be released until all policies are terminated or expired and all outstanding losses are paid.

► Items to be submitted

- WITHDRAWAL PLAN CONTENTS, PER TAC 7.1805(B) [HOME - RULES & MEETINGS](#)**

The plan must be signed by at least one officer of the HMO and must contain the following:

- (1) Identification, of the line or lines of insurance being withdrawn in accordance with the line of insurance designations in TAC 7.1803(3) What Constitutes a Line of Insurance [Home - Rules & Meetings](#). If it is a product, all of the lines that make up the product must be identified.

- (2) Identification by form number of the evidences of coverage affected by withdrawal;
- (3) The dates the HMO intends to begin and complete its withdrawal.
- (4) An explanation of the reasons for the withdrawal.
- (5) Provisions for notifying all the affected Texas enrollees and contract holders of the dates of the beginning and completion of the withdrawal and how the withdrawal will affect them, including, but not limited to:
 - (A) A copy of the notice and an explanation of how the notice will be provided to enrollees or contract holders. All notices and other related correspondence to the affected insureds should include a reference to www.texashealthoptions.com for health and also reference TDI's Consumer Protection Help Line at 1-800-252-3439.
 - (B) Either affirmation that such notice will be provided within 30 days of the approval of the withdrawal plan or a request to provide the notice at some other specified date or time, and such request must be approved by the Commissioner; and
 - (C) Identification of any provision of the TIC or TAC under which notice is mandated.
- (6) Provisions for meeting all of the HMO's contractual obligations, including, but not limited to:
 - (A) Notification to all affected agents of the HMO of the dates the HMO intends to begin and complete the withdrawal;
 - (B) For HMOs writing guaranteed renewable or noncancelable coverage, a statement affirming the HMO's compliance with the provisions of TIC 843.208, concerning cancellation or nonrenewal of coverage; TIC1271.307, concerning renewability of coverage for individual health care plans and conversion contracts; and TIC1501.109, concerning refusal to renew and discontinuation of coverage, and any corresponding regulations.
- (7) Provisions for providing service to the HMO's Texas enrollees and providers.
- (8) Information on Texas business, including:
 - (A) The total annual premium volume and the number of affected contract holders and enrollees in Texas by county in all service areas for each line to

be withdrawn and the estimated total annual premium volume and number of enrollees and contract holders in Texas by county in all service areas after withdrawal;

- (B) An estimate of what percentage of the market for each affected line of insurance by county in all service areas the withdrawal impacts, as measured by enrollee;
- (C) Any other information necessary to assist the Commissioner in determining whether a market availability problem is created by the withdrawal;
- (9) Provisions for identifying enrollees of special circumstances.
- (10) Identification of any third-party contracts which may provide for the continuity of care to enrollees of special circumstances.
- (11) Number of and estimated amount of all losses outstanding in Texas, including claims incurred but not reported.
- (12) A plan to handle the losses specified in paragraph (11) of this subsection, including, but not limited to:
 - (A) identification of what assets will be available for paying outstanding incurred but not reported claims, claims in the course of settlement, and associated loss adjustment expenses;
 - (B) identification of who specifically will administer the run-off of the business;
- (13) Provisions for meeting any applicable statutory.
- (14) affirmation that the HMO will comply with TAC 7.1808 of this title, as applicable
- (15) A list of any other products the HMO will continue to sell in Texas in each service area.
- (16) Affirmation that the HMO will comply with TAC 7.1808 [Home - Rules & Meetings](#) (relating to Requirements to Resume Writing Insurance), as applicable.

 **Email filing to** CLRFilings@tdi.texas.gov

► Questions?

Email us at CompanyLicense@tdi.texas.gov or call 512-676-6365