



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

April 9, 1980

Circular Letter E-4-810-80

TO MEMBERS OF NATIONAL ASSOCIATION OF INSURANCE
COMMISSIONERS

SUBJECT: NAIC MODEL BILL ON HEALTH MAINTENANCE ORGANIZATIONS

Sirs:

Puerto Rico enacted into law in 1976 the NAIC Model Bill on Health Maintenance Organizations (Public Act 113 of June 2, 1976). No major changes were made to the model bill.

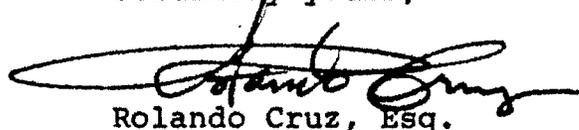
On implementing our law, we have encountered strong resistance for compliance from local labor unions which may or may not be affiliated with U. S. international labor unions. These local unions provide their members with life insurance purchased from authorized insurers and with hospital, dental, medical and drug care, either through hospitals, doctors, or drug stores under a fixed per diem or fee, or through their own physical facilities.

These unions claim that they are not obliged to comply with our law (HMO's) because they come under and have to comply with the U. S. Employee Retirement Income Security Act of 1974 (ERISA). Said act covers the Commonwealth of Puerto Rico by its own terms. It is administered locally by the U. S. Department of Labor and Treasury.

We wonder if you have had such argument raised in your jurisdiction. If so, would you please give us the benefit of your experience and decision.

Thank you for any cooperation you can give us on this matter.

Cordially yours,



Rolando Cruz, Esq.
Commissioner of Insurance