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STATE OF ALABAMA

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State Health Officer
Department of Public Health
State Office Building, Room 381
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Health - Health Maintenance
Organizations - Fees

The Department of Public Health may collect fees equal to salaries, fringe benefits, travel, and other expenses incurred in investigating and licensing Health Maintenance Organizations. The Department of Public Health may collect overhead expenses for non-investigatory personnel involved in the licensing process for Health Maintenance Organizations.

Dear Dr. Fox:

This opinion is issued in response to your request for an opinion from the Attorney General.

QUESTION

Whether the State Health Department may collect the entire expenses for operating its HMO regulatory program from fees collected under Code of Alabama 1975, § 27-21A-16(d).

FACTS AND ANALYSIS

Code of Alabama 1975, § 27-21A-16(d), provides as follows:

The expenses of examinations under this section shall be assessed against the organization being examined and such assessment shall be remitted to the commissioner to be deposited to the credit of the special examination revolving fund in section 27-2-25, or the state health officer to be deposited to the credit of a fund to be known as the health maintenance organization revolving fund. The expenses incurred by the commissioner and his examiners in the making of examinations pursuant to the provisions of this chapter, together with the compensation of such examiners, shall be paid from special examination revolving fund. The expenses incurred by the state health officer and his examiners in the making of examinations pursuant to the provisions of this chapter, together with the compensation of such examiners, shall be paid from the health maintenance organization revolving fund.

Under the provisions of this Act, the Insurance Department presently collects fees equal to their cost in regulating Health Maintenance Organizations. From a reading of the section involved, it can be concluded that it is the intent of the Legislature that the Department of Public Health be able to collect fees equal to its costs in performing the regulatory and licensing functions assigned to it under the Act.

These functions include investigations of HMOs and administrative processes involved in licensing and in some cases recommending revocation of licenses by the Insurance Commissioner. Such attendant costs would include general office overhead involved in the program itself as prorated with other non-HMO functions performed by the Department of Public Health out of the same office and utilizing the same personnel whether they be inspectors, administrative, or clerical personnel.

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CONCLUSION

The Department of Public Health may collect fees equal to salaries, fringe benefits, travel, and other expenses incurred in investigating and licensing Health Maintenance Organizations. The Department of Public Health may collect overhead expenses for non-investigatory personnel involved in the licensing process for Health Maintenance Organizations.

I hope this sufficiently answers your question. If our office can be of further assistance, please do not hesitate to contact us.

Sincerely,

DON SIEGELMAN
Attorney General
By:


John R. Wible
Assistant Attorney General

DS/JRW/pc

cc: Mike Weaver
Insurance Commissioner