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## 42 C.F.R. § 417.124

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### Administration and management.

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(a) *General requirements.* Each HMO must have administrative and managerial arrangements satisfactory to CMS, as demonstrated by at least the following:

- (1) A policymaking body that exercises oversight and control over the HMO's policies and personnel to ensure that management actions are in the best interest of the HMO and its enrollees.
- (2) Personnel and systems sufficient for the HMO to organize, plan, control and evaluate the financial, marketing, health services, quality assurance program, administrative and management aspects of the HMO.
- (3) At a minimum, management by an executive whose appointment and removal are under the control of the HMO's policymaking body.

(b) *Full and fair disclosure—(1) Basic rule.* Each HMO must prepare a written description of the following:

- (i) Benefits (including limitations and exclusions).
- (ii) Coverage (including a statement of conditions on eligibility for benefits).
- (iii) Procedures to be followed in obtaining benefits and a description of circumstances under which benefits may be denied.
- (iv) Rates.
- (v) Grievance procedures.
- (vi) Service area.
- (vii) Participating providers.
- (viii) Financial condition including at least the following most recently audited information: Current assets, other assets, total assets; current liabilities, long term liabilities; and net worth.

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