

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: July 7, 2003

SUBJECT: Fiscal Impact Statement: “Department of Insurance and Securities Regulation Merger Review Amendment Act of 2003”

REFERENCE: Bill 15-018 as Introduced

Conclusion

Funds are sufficient in the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council because no additional resources are required to implement this legislation.

Background

The Department of Insurance and Securities Regulation Merger Review Amendment Act of 2003 amends the Holding Company System Act of 1993 and the Hospital and Medical Services Corporation Regulatory Act of 1996 to give an acquiring company of a nonprofit hospital service plan or medical service plan (for the purpose of conversion to a for-profit insurance company) the burden of proof to establish that the proposed merger or acquisition of control would not result in any of the conditions that would cause the Mayor to disapprove the merger or acquisition of control. Current law places the burden of proof in such circumstances on the Insurance Commissioner.

The proposed legislation also amends the Holding Company System Act of 1993 to extend the time period within which a public hearing must be held and to extend the Mayor’s review period following the public hearing. In addition, the proposed legislation would broaden the definition of who may participate in a public hearing.

Financial Plan Impact

The Department of Insurance and Securities Regulation Merger Review Amendment Act of 2003 will not affect District staff or resources and, therefore, would not impact the proposed FY 2004 through FY 2007 budget and financial plan.