

**40-19a04. Contracts; authorization.** Corporations organized under the provisions of this act are empowered and authorized to enter into contracts with groups and individuals to provide professional service through their participating dentists and to indemnify covered persons who obtain professional services through nonparticipating dentists. The services covered under such contracts shall be of such type and kind as such corporation, through its board of directors, may determine. Such contracts shall constitute direct obligations of the participating dentists to the corporation's contract purchasers. Nothing in any contract to be made by any such corporation with a participating dentist or contract purchaser shall have the effect of imposing upon any participating dentist any obligation or liability for any act, omission or default of any other participating dentist or such corporation. Such corporations may also enter into contracts with any health maintenance organization, partnership, domestic or foreign corporation or association in the state of Kansas or in other states or possessions of the United States or Canada, or with any local, state, or federal governments, or units thereof, so that:

- (a) Reciprocity of benefits may be provided to subscribers of such corporations.
- (b) Transfer of subscribers from one corporation to another may be effected, if authorized under the contract with the group or the subscriber, in order to conform to the subscriber's place of residence.
- (c) Uniform benefits may be provided for all employees and the dependents of such employees of corporations and other organizations transacting business in Kansas and elsewhere, and a composite rate, a rate representing predicted, or actual, composite experience, of the areas involved may be charged for such employees and their dependents.
- (d) Service or indemnity benefits for dental care for the subscribers, members or policyholders of such corporations or associations may be provided but not to exceed reasonable and customary charges that a subscriber may incur for these services, or the ceding or accepting of reinsurance may be done.
- (e) Administrative, accounting, data processing, cost control, marketing, claims processing, fiscal and other services may be provided for a dental care or other health service plan with any agency, instrumentality or political subdivision of the United States or the state of Kansas, or with any person, corporation, health maintenance organization, partnership, group or association providing such dental care or other health service plan under any applicable state or federal law. Such contract may authorize such corporation to accept, receive and administer in trust, funds directly or indirectly made available for the purposes set forth in the contract.
- (f) Administrative, accounting, data processing, cost control, marketing, claims processing, fiscal and other services may be provided to employers or voluntary employees' beneficiary associations where such employers or voluntary employees' beneficiary associations provide indemnity for dental care or other health services to their employees or members under the terms of a plan of indemnification. Such contract may authorize such corporation to accept, receive and administer in trust, funds directly or indirectly made available for the purposes set forth in the contract. Contracts entered into pursuant to the provisions of this subsection shall provide for recoupment of all expenses incurred by the corporation in performing the services required by the contract and shall not adversely affect the interests of subscribers. Such corporation may enter into contracts with participating dentists to provide professional services and other health services for such employees or members.
- (g) Experimental or demonstration projects may be undertaken to determine the relative advantages and disadvantages of various alternative methods of providing service or indemnity benefits for health services. Such projects may include payment systems to providers designed to encourage providers to use their facilities and personnel more efficiently and thereby to reduce the total costs of professional services and other health services involved without adversely affecting the quality of such services.

**History:** L. 1972, ch. 174, § 4; L. 1984, ch. 171, § 1; July 1.