§ 4701. Legislative findings. (a) Cooperative health risk-sharing agreements allow public entities to: share, in whole or part, the costs of self-funding employee health benefit plans; provide municipal corporations, school districts and other public employers with an alternative approach to stabilize health claim costs; lower per unit administration costs; and enhance negotiating power with health providers by spreading such costs among a larger pool of risks.

(b) Appropriate safeguards are necessary to help keep self-funded municipal cooperative health benefits plans from exposing municipalities and their taxpayers to unpredictable and potentially catastrophic liabilities. Minimum standards regarding benefits and participation can better assure that self-funded municipal cooperative health benefit plans will continue to act responsibly and provide coverage for high-cost conditions and high-cost individuals.

(c) It is the policy of this state to expand the alternatives available to public employers by permitting the development of municipal cooperative health benefit plans while, at the same time, establishing appropriate standards designed to promote fair competition and sound operation of such plans on an ongoing basis.

(d) It is the legislative intent that the superintendent implement a workable system of authorization and regulation of municipal cooperative health benefit plans in this state, in order to assure that such plans are:

(1) operated on an actuarially sound basis with appropriate financial and other standards to protect plan participants and their beneficiaries as well as local taxpayers; and

(2) not unduly disruptive of the regulated insurance market and public health programs.