



144836

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/06/2017	.	
	.	
	.	
	.	

The Committee on Banking and Insurance (Bean) recommended the following:

Senate Amendment (with title amendment)

Delete everything after the enacting clause
and insert:

Section 1. Chapter 636, Florida Statutes, entitled "Prepaid Limited Health Service Organizations and Discount Medical Plan Organizations," is retitled "Prepaid Limited Health Service Organizations and Discount Plan Organizations."

Section 2. Part II of chapter 636, Florida Statutes, entitled "Discount Medical Plan Organizations," is retitled



144836

11 "Discount Plan Organizations."

12 Section 3. Section 636.202, Florida Statutes, is amended to
13 read:

14 636.202 Definitions.—As used in this part, the term:

15 (1) "Discount ~~medical~~ plan" means a business arrangement or
16 contract in which a person, in exchange for fees, dues, charges,
17 or other consideration, provides access for plan members to
18 providers of medical services and the right to receive medical
19 services from those providers at a discount. The term "~~discount~~
20 ~~medical plan~~" does not include any product regulated under
21 chapter 627, chapter 641, or part I of this chapter; ~~or~~ any
22 medical services provided through a telecommunications medium
23 that does not offer a discount to the plan member for those
24 medical services; or any plan that does not charge a fee to plan
25 members. Until June 30, 2018, a discount plan may also be
26 referred to as a discount medical plan.

27 (2) "Discount ~~medical~~ plan organization" means an entity
28 that ~~which~~, in exchange for fees, dues, charges, or other
29 consideration, provides access for plan members to providers of
30 medical services and the right to receive medical services from
31 those providers at a discount. Until June 30, 2018, a discount
32 plan organization may also be referred to as a discount medical
33 plan organization.

34 (3) "Marketer" means a person or entity that ~~which~~ markets,
35 promotes, sells, or distributes a discount ~~medical~~ plan,
36 including a private label entity that ~~which~~ places its name on
37 and markets or distributes a discount ~~medical~~ plan but does not
38 operate a discount ~~medical~~ plan.

39 (4) "Medical services" means any care, service, or



144836

40 treatment of illness or dysfunction of, or injury to, the human
41 body, including, but not limited to, physician care, inpatient
42 care, hospital surgical services, emergency services, ambulance
43 services, dental care services, vision care services, mental
44 health services, substance abuse services, chiropractic
45 services, podiatric care services, laboratory services, and
46 medical equipment and supplies. The term does not include
47 pharmaceutical supplies or prescriptions.

48 (5) "Member" means any person who pays fees, dues, charges,
49 or other consideration for the right to receive the purported
50 benefits of a discount ~~medical~~ plan.

51 (6) "Provider" means any person or institution that ~~which~~
52 is contracted, directly or indirectly, with a discount ~~medical~~
53 plan organization to provide medical services to members.

54 (7) "Provider network" means an entity that ~~which~~
55 negotiates on behalf of more than one provider with a discount
56 ~~medical~~ plan organization to provide medical services to
57 members.

58 Section 4. Subsections (1), (2), (4), and (6) of section
59 636.204, Florida Statutes, are amended to read:

60 636.204 License required.—

61 (1) Before doing business in this state as a discount
62 ~~medical~~ plan organization, an entity must be a corporation, a
63 limited liability company, or a limited partnership,
64 incorporated, organized, formed, or registered under the laws of
65 this state or authorized to transact business in this state in
66 accordance with chapter 605, part I of chapter 607, chapter 617,
67 chapter 620, or chapter 865, and must be licensed by the office
68 as a discount ~~medical~~ plan organization or be licensed by the



144836

69 office pursuant to chapter 624, part I of this chapter, or
70 chapter 641.

71 (2) An application for a license to operate as a discount
72 ~~medical~~ plan organization must be filed with the office on a
73 form prescribed by the commission. Such application must be
74 sworn to by an officer or authorized representative of the
75 applicant and be accompanied by the following, if applicable:

76 (a) A copy of the applicant's articles of incorporation or
77 other organizing documents, including all amendments.

78 (b) A copy of the applicant's bylaws.

79 (c) A list of the names, addresses, official positions, and
80 biographical information of the individuals who are responsible
81 for conducting the applicant's affairs, including, but not
82 limited to, all members of the board of directors, board of
83 trustees, executive committee, or other governing board or
84 committee, the officers, contracted management company
85 personnel, and any person or entity owning or having the right
86 to acquire 10 percent or more of the voting securities of the
87 applicant. Such listing must fully disclose the extent and
88 nature of any contracts or arrangements between any individual
89 who is responsible for conducting the applicant's affairs and
90 the discount ~~medical~~ plan organization, including any possible
91 conflicts of interest.

92 (d) A complete biographical statement, on forms prescribed
93 by the commission, an independent investigation report, and a
94 set of fingerprints, as provided in chapter 624, with respect to
95 each individual identified under paragraph (c).

96 (e) A statement generally describing the applicant, its
97 facilities and personnel, and the medical services to be



144836

98 offered.

99 (f) A copy of the form of all contracts made or to be made
100 between the applicant and any providers or provider networks
101 regarding the provision of medical services to members.

102 (g) A copy of the form of any contract made or arrangement
103 to be made between the applicant and any person listed in
104 paragraph (c).

105 (h) A copy of the form of any contract made or to be made
106 between the applicant and any person, corporation, partnership,
107 or other entity for the performance on the applicant's behalf of
108 any function, including, but not limited to, marketing,
109 administration, enrollment, investment management, and
110 subcontracting for the provision of health services to members.

111 (i) A copy of the applicant's most recent financial
112 statements audited by an independent certified public
113 accountant. An applicant that is a subsidiary of a parent entity
114 that is publicly traded and that prepares audited financial
115 statements reflecting the consolidated operations of the parent
116 entity and the subsidiary may petition the office to accept, in
117 lieu of the audited financial statement of the applicant, the
118 audited financial statement of the parent entity and a written
119 guaranty by the parent entity that the minimum capital
120 requirements of the applicant required by this part will be met
121 by the parent entity.

122 (j) A description of the proposed method of marketing.

123 (k) A description of the subscriber complaint procedures to
124 be established and maintained.

125 (l) The fee for issuance of a license.

126 (m) Such other information as the commission or office may



144836

127 reasonably require to make the determinations required by this
128 part.

129 (4) Before ~~Prior to~~ licensure by the office, each discount
130 ~~medical~~ plan organization must establish an Internet website so
131 as to conform to the requirements of s. 636.226.

132 (6) This part does not require ~~Nothing in this part~~
133 ~~requires~~ a provider who provides discounts to his or her own
134 patients to obtain and maintain a license as a discount ~~medical~~
135 plan organization. If a provider contracts with a third-party
136 entity to administer or provide a platform for a discount plan,
137 the third-party entity must be licensed as a discount plan
138 organization.

139 Section 5. Section 636.206, Florida Statutes, is amended to
140 read:

141 636.206 Examinations and investigations.—

142 (1) The office may examine or investigate the business and
143 affairs of any discount ~~medical~~ plan organization. The office
144 may order any discount ~~medical~~ plan organization or applicant to
145 produce any records, books, files, advertising and solicitation
146 materials, or other information and may take statements under
147 oath to determine whether the discount ~~medical~~ plan organization
148 or applicant is in violation of the law or is acting contrary to
149 the public interest. The expenses incurred in conducting any
150 examination or investigation must be paid by the discount
151 ~~medical~~ plan organization or applicant. Examinations and
152 investigations must be conducted as provided in chapter 624. For
153 the duration of the agreement and for 5 years thereafter, every
154 discount plan organization shall maintain, in a form accessible
155 to the office during an examination or investigation, an



144836

156 accurate record of each member, the membership materials
157 provided to the member, the discount plan issued to the member,
158 and the charges billed and paid by the member.

159 (2) Failure by the discount ~~medical~~ plan organization to
160 pay the expenses incurred under subsection (1) is grounds for
161 denial or revocation.

162 Section 6. Section 636.208, Florida Statutes, is amended to
163 read:

164 636.208 Fees; charges; reimbursement.—

165 (1) A discount ~~medical~~ plan organization may charge a
166 periodic charge as well as a reasonable one-time processing fee
167 for a discount ~~medical~~ plan.

168 (2) (a) If the member cancels his or her membership in the
169 discount ~~medical~~ plan organization within the first 30 days
170 after the effective date of enrollment in the plan, the member
171 shall receive a reimbursement of all periodic charges upon
172 return of the discount card to the discount ~~medical~~ plan
173 organization.

174 (b) If the member cancels his or her membership in the
175 discount plan organization consistent with the open enrollment
176 rules established by an employer or association for a plan
177 having an open enrollment period, the member shall receive a pro
178 rata reimbursement of all periodic charges upon return of the
179 discount card to the discount plan organization.

180 (c) Except for plans enrolled under paragraph (b), if the
181 member requests in writing the cancellation of his or her
182 membership in the discount plan organization after the first 30
183 days allowed in paragraph (a), the discount plan organization:

184 1. Must make the cancellation effective no later than 30



144836

185 days after receiving the member's cancellation request;

186 2. May not make future charges to the member after the
187 cancellation has taken effect; and

188 3. Must provide the member a pro rata reimbursement of
189 periodic charges for all months after the effective date of the
190 cancellation.

191 (3) If the discount ~~medical~~ plan organization cancels a
192 membership for any reason other than nonpayment of fees by the
193 member, the discount ~~medical~~ plan organization must ~~shall~~ make a
194 pro rata reimbursement of all periodic charges to the member.

195 (4) In addition to the reimbursement of periodic charges
196 for the reasons stated in subsections (2) and (3), a discount
197 ~~medical~~ plan organization shall also reimburse the member for
198 any portion of a one-time processing fee that exceeds \$30 per
199 year.

200 Section 7. Section 636.212, Florida Statutes, is amended to
201 read:

202 636.212 Disclosures.—A discount plan organization or
203 marketer shall provide disclosures to a prospective member
204 before his or her enrollment. A discount plan organization or
205 marketer may make disclosures in addition to those described in
206 this part. Before enrollment, a prospective member must
207 acknowledge he or she has accepted the disclosures ~~The following~~
208 ~~disclosures must be made in writing to any prospective member~~
209 ~~and must be on the first page of any advertisements, marketing~~
210 ~~materials, or brochures relating to a discount medical plan. The~~
211 ~~disclosures must be printed in not less than 12-point type:~~

212 (1) The disclosures must include:

213 (a) That the plan is not insurance.



144836

214 ~~(b)(2)~~ That the plan provides discounts at certain health
215 care providers for medical services.

216 ~~(c)(3)~~ That the plan does not make payments directly to the
217 providers of medical services.

218 ~~(d)(4)~~ That the plan member is obligated to pay for all
219 health care services but will receive a discount from those
220 health care providers who have contracted with the discount plan
221 organization.

222 ~~(e)(5)~~ The name and address of the licensed discount
223 ~~medical~~ plan organization.

224 (2) Written disclosures must include the disclosures in
225 subsection (1) on the first page of any advertisement, marketing
226 material, or brochure relating to a discount plan. The first
227 page is the page that first includes the information describing
228 benefits. The disclosures must be printed in not less than 12-
229 point type.

230 (3) Disclosures provided by electronic means must include
231 the disclosures in subsection (1) on any advertisement,
232 marketing material, or brochure relating to a discount plan. The
233 disclosures must be viewable in a readable font size and color.

234 (4) Disclosures made by telephone must include the
235 disclosures in subsection (1), and a written disclosure in
236 accordance with subsection (2) must also be provided with the
237 initial materials sent to the prospective or new member.

238
239 ~~If the initial contract is made by telephone, the disclosures~~
240 ~~required by this section shall be made orally and provided in~~
241 ~~the initial written materials that describe the benefits under~~
242 ~~the discount medical plan provided to the prospective or new~~



144836

243 ~~member.~~

244 Section 8. Section 636.214, Florida Statutes, is amended to
245 read:

246 636.214 Provider agreements.—

247 (1) All providers offering medical services to members
248 under a discount ~~medical~~ plan must provide such services
249 pursuant to a written agreement. The agreement may be entered
250 into directly by the provider or by a provider network to which
251 the provider belongs.

252 (2) A provider agreement between a discount ~~medical~~ plan
253 organization and a provider must provide the following:

254 (a) A list of the services and products to be provided at a
255 discount.

256 (b) The amount or amounts of the discounts or,
257 alternatively, a fee schedule which reflects the provider's
258 discounted rates.

259 (c) A statement that the provider will not charge members
260 more than the discounted rates.

261 (3) A provider agreement between a discount ~~medical~~ plan
262 organization and a provider network must ~~shall~~ require that the
263 provider network have written agreements with its providers
264 which:

265 (a) Contain the terms described in subsection (2).

266 (b) Authorize the provider network to contract with the
267 discount ~~medical~~ plan organization on behalf of the provider.

268 (c) Require the network to maintain an up-to-date list of
269 its contracted providers and to provide that list on a monthly
270 basis to the discount ~~medical~~ plan organization.

271 (4) The discount ~~medical~~ plan organization shall maintain a



144836

272 copy of each active provider agreement into which it has
273 entered.

274 Section 9. Section 636.216, Florida Statutes, is amended to
275 read:

276 636.216 Written agreement ~~Charge or form filings.~~-

277 ~~(1) All charges to members must be filed with the office
278 and any charge to members greater than \$30 per month or \$360 per
279 year must be approved by the office before the charges can be
280 used. The discount medical plan organization has the burden of
281 proof that the charges bear a reasonable relation to the
282 benefits received by the member.~~

283 ~~(2) There must be a written agreement between the discount
284 medical plan organization and the member specifying the benefits
285 under the discount medical plan and complying with the
286 disclosure requirements of this part.~~

287 ~~(3) All forms used, including the written agreement
288 pursuant to subsection (2), must first be filed with and
289 approved by the office. Every form filed shall be identified by
290 a unique form number placed in the lower left corner of each
291 form.~~

292 ~~(4) A charge or form is considered approved on the 60th day
293 after its date of filing unless it has been previously
294 disapproved by the office. The office shall disapprove any form
295 that does not meet the requirements of this part or that is
296 unreasonable, discriminatory, misleading, or unfair. If such
297 filings are disapproved, the office shall notify the discount
298 medical plan organization and shall specify in the notice the
299 reasons for disapproval.~~

300 Section 10. Section 636.228, Florida Statutes, is amended



144836

301 to read:

302 636.228 Marketing of discount ~~medical~~ plans.—

303 (1) All advertisements, marketing materials, brochures, and
304 discount cards used by marketers must be approved in writing ~~for~~
305 ~~such use~~ by the discount ~~medical~~ plan organization.

306 (2) The discount ~~medical~~ plan organization must ~~shall~~ have
307 an executed written agreement with a marketer before ~~prior to~~
308 the marketer's marketing, promoting, selling, or distributing
309 the discount ~~medical~~ plan. Such agreement must ~~shall~~ prohibit
310 the marketer from using marketing materials, brochures, and
311 discount cards without the approval in writing by the discount
312 ~~medical~~ plan organization. The discount ~~medical~~ plan
313 organization may delegate functions to its marketers but shall
314 be bound by any acts of its marketers, within the scope of the
315 delegation, which ~~marketers' agency, that~~ do not comply with ~~the~~
316 ~~provisions of~~ this part.

317 Section 11. Section 636.230, Florida Statutes, is amended
318 to read:

319 636.230 Bundling discount ~~medical~~ plans with other
320 products.—A marketer or discount plan organization selling a
321 discount plan with medical services and other services may
322 commingle those products on a single page of forms,
323 advertisements, marketing materials, or brochures ~~When a~~
324 ~~marketer or discount medical plan organization sells a discount~~
325 ~~medical plan together with any other product, the fees for the~~
326 ~~discount medical plan must be provided in writing to the member~~
327 ~~if the fees exceed \$30.~~

328 Section 12. Section 636.232, Florida Statutes, is amended
329 to read:



144836

330 636.232 Rules.—The commission may adopt rules to administer
331 this part, including rules for the licensing of discount ~~medical~~
332 plan organizations, ~~establishing standards for evaluating~~
333 ~~forms, advertisements, marketing materials, brochures, and~~
334 ~~discount cards~~; providing for the collection of data, ~~relating~~
335 to disclosures to plan members, ~~and~~ defining terms used in this
336 part.

337 Section 13. Paragraph (b) of subsection (5) of section
338 408.9091, Florida Statutes, is amended to read:

339 408.9091 Cover Florida Health Care Access Program.—

340 (5) PLAN PROPOSALS.—The agency and the office shall
341 announce, no later than July 1, 2008, an invitation to negotiate
342 for Cover Florida plan entities to design a Cover Florida plan
343 proposal in which benefits and premiums are specified.

344 (b) The agency and the office may announce an invitation to
345 negotiate for the design of Cover Florida Plus products to
346 companies that offer supplemental insurance, discount ~~medical~~
347 plan organizations licensed under part II of chapter 636, or
348 prepaid health clinics licensed under part II of chapter 641.

349 Section 14. Paragraph (d) of subsection (2) and paragraph
350 (d) of subsection (4) of section 408.910, Florida Statutes, are
351 amended to read:

352 408.910 Florida Health Choices Program.—

353 (2) DEFINITIONS.—As used in this section, the term:

354 (d) "Insurer" means an entity licensed under chapter 624
355 which offers an individual health insurance policy or a group
356 health insurance policy, a preferred provider organization as
357 defined in s. 627.6471, an exclusive provider organization as
358 defined in s. 627.6472, ~~or~~ a health maintenance organization



144836

359 licensed under part I of chapter 641, or a prepaid limited
360 health service organization or discount ~~medical~~ plan
361 organization licensed under chapter 636.

362 (4) ELIGIBILITY AND PARTICIPATION.—Participation in the
363 program is voluntary and shall be available to employers,
364 individuals, vendors, and health insurance agents as specified
365 in this subsection.

366 (d) All eligible vendors who choose to participate and the
367 products and services that the vendors are permitted to sell are
368 as follows:

369 1. Insurers licensed under chapter 624 may sell health
370 insurance policies, limited benefit policies, other risk-bearing
371 coverage, and other products or services.

372 2. Health maintenance organizations licensed under part I
373 of chapter 641 may sell health maintenance contracts, limited
374 benefit policies, other risk-bearing products, and other
375 products or services.

376 3. Prepaid limited health service organizations may sell
377 products and services as authorized under part I of chapter 636,
378 and discount ~~medical~~ plan organizations may sell products and
379 services as authorized under part II of chapter 636.

380 4. Prepaid health clinic service providers licensed under
381 part II of chapter 641 may sell prepaid service contracts and
382 other arrangements for a specified amount and type of health
383 services or treatments.

384 5. Health care providers, including hospitals and other
385 licensed health facilities, health care clinics, licensed health
386 professionals, pharmacies, and other licensed health care
387 providers, may sell service contracts and arrangements for a



144836

388 specified amount and type of health services or treatments.

389 6. Provider organizations, including service networks,
390 group practices, professional associations, and other
391 incorporated organizations of providers, may sell service
392 contracts and arrangements for a specified amount and type of
393 health services or treatments.

394 7. Corporate entities providing specific health services in
395 accordance with applicable state law may sell service contracts
396 and arrangements for a specified amount and type of health
397 services or treatments.

398
399 A vendor described in subparagraphs 3.-7. may not sell products
400 that provide risk-bearing coverage unless that vendor is
401 authorized under a certificate of authority issued by the Office
402 of Insurance Regulation and is authorized to provide coverage in
403 the relevant geographic area. Otherwise eligible vendors may be
404 excluded from participating in the program for deceptive or
405 predatory practices, financial insolvency, or failure to comply
406 with the terms of the participation agreement or other standards
407 set by the corporation.

408 Section 15. Subsection (11) of section 627.64731, Florida
409 Statutes, is amended to read:

410 627.64731 Leasing, renting, or granting access to a
411 participating provider.—

412 (11) This section does not apply to a contract between a
413 contracting entity and a discount ~~medical~~ plan organization
414 licensed or exempt under part II of chapter 636.

415 Section 16. Paragraph (c) of subsection (7) of section
416 636.003, Florida Statutes, is amended to read:



144836

417 636.003 Definitions.—As used in this act, the term:

418 (7) "Prepaid limited health service organization" means any
419 person, corporation, partnership, or any other entity which, in
420 return for a prepayment, undertakes to provide or arrange for,
421 or provide access to, the provision of a limited health service
422 to enrollees through an exclusive panel of providers. Prepaid
423 limited health service organization does not include:

424 (c) Any person who is licensed pursuant to part II as a
425 discount ~~medical~~ plan organization.

426 Section 17. Paragraphs (c) and (d) of subsection (1) of
427 section 636.205, Florida Statutes, are amended to read:

428 636.205 Issuance of license; denial.—

429 (1) Following receipt of an application filed pursuant to
430 s. 636.204, the office shall review the application and notify
431 the applicant of any deficiencies contained therein. The office
432 shall issue a license to an applicant who has filed a completed
433 application pursuant to s. 636.204 upon payment of the fees
434 specified in s. 636.204 and upon the office being satisfied that
435 the following conditions are met:

436 (c) The ownership, control, and management of the entity
437 are competent and trustworthy and possess managerial experience
438 that would make the proposed operation beneficial to the
439 subscribers. The office may ~~shall~~ not grant or continue to grant
440 authority to transact the business of a discount ~~medical~~ plan
441 organization in this state at any time during which the office
442 has good reason to believe that the ownership, control, or
443 management of the organization includes any person whose
444 business operations are or have been marked by business
445 practices or conduct that is detrimental to the public,



144836

446 stockholders, investors, or creditors.

447 (d) The discount ~~medical~~ plan organization has a complaint
448 procedure that will facilitate the resolution of subscriber
449 grievances and that includes both formal and informal steps
450 available within the organization.

451 Section 18. Section 636.207, Florida Statutes, is amended
452 to read:

453 636.207 Applicability of part.—Except as otherwise provided
454 in this part, discount ~~medical~~ plan organizations are governed
455 by ~~the provisions of~~ this part and are exempt from the Florida
456 Insurance Code unless specifically referenced.

457 Section 19. Section 636.210, Florida Statutes, is amended
458 to read:

459 636.210 Prohibited activities of a discount ~~medical~~ plan
460 organization.—

461 (1) A discount ~~medical~~ plan organization may not:

462 (a) Use in its advertisements, marketing material,
463 brochures, and discount cards the term "insurance" except as
464 otherwise provided in this part or as a disclaimer of any
465 relationship between discount ~~medical~~ plan organization benefits
466 and insurance;

467 (b) Use in its advertisements, marketing material,
468 brochures, and discount cards the terms "health plan,"
469 "coverage," "copay," "copayments," "preexisting conditions,"
470 "guaranteed issue," "premium," "PPO," "preferred provider
471 organization," or other terms in a manner that could reasonably
472 mislead a person into believing the discount ~~medical~~ plan was
473 health insurance;

474 (c) Have restrictions on free access to plan providers,



144836

475 including, but not limited to, waiting periods and notification
476 periods; or

477 (d) Pay providers any fees for medical services.

478 (2) A discount ~~medical~~ plan organization may not collect or
479 accept money from a member for payment to a provider for
480 specific medical services furnished or to be furnished to the
481 member unless the organization has an active certificate of
482 authority from the office to act as an administrator.

483 Section 20. Subsection (1), paragraphs (b), (c), and (d) of
484 subsection (2), and subsection (3) of section 636.218, Florida
485 Statutes, are amended to read:

486 636.218 Annual reports.—

487 (1) Each discount ~~medical~~ plan organization shall ~~must~~ file
488 with the office, within 3 months after the end of each fiscal
489 year, an annual report.

490 (2) Such reports must be on forms prescribed by the
491 commission and must include:

492 (b) If different from the initial application or the last
493 annual report, a list of the names and residence addresses of
494 all persons responsible for the conduct of the organization's
495 affairs, together with a disclosure of the extent and nature of
496 any contracts or arrangements between such persons and the
497 discount ~~medical~~ plan organization, including any possible
498 conflicts of interest.

499 (c) The number of discount ~~medical~~ plan members in the
500 state.

501 (d) Such other information relating to the performance of
502 the discount ~~medical~~ plan organization as is reasonably required
503 by the commission or office.



144836

504 (3) Every discount ~~medical~~ plan organization that ~~which~~
505 fails to file an annual report in the form and within the time
506 required by this section shall forfeit up to \$500 for each day
507 for the first 10 days during which the neglect continues and
508 shall forfeit up to \$1,000 for each day after the first 10 days
509 during which the neglect continues; and, upon notice by the
510 office to that effect, the organization's authority to enroll
511 new members or to do business in this state ceases while such
512 default continues. The office shall deposit all sums collected
513 by the office under this section to the credit of the Insurance
514 Regulatory Trust Fund. The office may not collect more than
515 \$50,000 for each report.

516 Section 21. Section 636.220, Florida Statutes, is amended
517 to read:

518 636.220 Minimum capital requirements.—

519 (1) Each discount ~~medical~~ plan organization shall ~~must~~ at
520 all times maintain a net worth of at least \$150,000.

521 (2) The office may not issue a license unless the discount
522 ~~medical~~ plan organization has a net worth of at least \$150,000.

523 Section 22. Section 636.222, Florida Statutes, is amended
524 to read:

525 636.222 Suspension or revocation of license; suspension of
526 enrollment of new members; terms of suspension.—

527 (1) The office may suspend the authority of a discount
528 ~~medical~~ plan organization to enroll new members, revoke any
529 license issued to a discount ~~medical~~ plan organization, or order
530 compliance if the office finds that any of the following
531 conditions exist:

532 (a) The organization is not operating in compliance with



144836

533 this part.

534 (b) The organization does not have the minimum net worth as
535 required by this part.

536 (c) The organization has advertised, merchandised, or
537 attempted to merchandise its services in such a manner as to
538 misrepresent its services or capacity for service or has engaged
539 in deceptive, misleading, or unfair practices with respect to
540 advertising or merchandising.

541 (d) The organization is not fulfilling its obligations as a
542 ~~medical~~ discount ~~medical~~ plan organization.

543 (e) The continued operation of the organization would be
544 hazardous to its members.

545 (2) If the office has cause to believe that grounds for the
546 suspension or revocation of a license exist, the office must
547 ~~shall~~ notify the discount ~~medical~~ plan organization in writing
548 specifically stating the grounds for suspension or revocation
549 and shall pursue a hearing on the matter in accordance with ~~the~~
550 ~~provisions of~~ chapter 120.

551 (3) When the license of a discount ~~medical~~ plan
552 organization is surrendered or revoked, such organization must
553 proceed, immediately following the effective date of the order
554 of revocation, to wind up its affairs transacted under the
555 license. The organization may not engage in any further
556 advertising, solicitation, collecting of fees, or renewal of
557 contracts.

558 (4) The office shall, in its order suspending the authority
559 of a discount ~~medical~~ plan organization to enroll new members,
560 specify the period during which the suspension is to be in
561 effect and the conditions, if any, which must be met by the



144836

562 discount ~~medical~~ plan organization before ~~prior to~~ reinstatement
563 of its license to enroll new members. The order of suspension is
564 subject to rescission or modification by further order of the
565 office before ~~prior to~~ the expiration of the suspension period.
566 Reinstatement may not be made unless requested by the discount
567 ~~medical~~ plan organization; however, the office may not grant
568 reinstatement if it finds that the circumstances for which the
569 suspension occurred still exist or are likely to recur.

570 Section 23. Section 636.223, Florida Statutes, is amended
571 to read:

572 636.223 Administrative penalty.—In lieu of suspending or
573 revoking a certificate of authority whenever any discount
574 ~~medical~~ plan organization has been found to have violated any
575 provision of this part, the office may:

576 (1) Issue and cause to be served upon the organization
577 charged with the violation a copy of such findings and an order
578 requiring such organization to cease and desist from engaging in
579 the act or practice that constitutes the violation.

580 (2) Impose a monetary penalty of not less than \$100 for
581 each violation, but not to exceed an aggregate penalty of
582 \$75,000.

583 Section 24. Section 636.224, Florida Statutes, is amended
584 to read:

585 636.224 Notice of change of name or address of discount
586 ~~medical~~ plan organization.—Each discount ~~medical~~ plan
587 organization must provide the office at least 30 days' advance
588 notice of any change in the discount ~~medical~~ plan organization's
589 name, address, principal business address, or mailing address.

590 Section 25. Section 636.226, Florida Statutes, is amended



144836

591 to read:

592 636.226 Provider name listing.—Each discount ~~medical~~ plan
593 organization must maintain on an Internet website an up-to-date
594 list of the names and addresses of the providers with which it
595 has contracted, ~~on an Internet website page~~, the address of
596 which must ~~shall~~ be prominently displayed on all its
597 advertisements, marketing materials, brochures, and discount
598 cards. This section applies to those providers with whom the
599 discount ~~medical~~ plan organization has contracted directly, as
600 well as those who are members of a provider network with which
601 the discount ~~medical~~ plan organization has contracted.

602 Section 26. Section 636.234, Florida Statutes, is amended
603 to read:

604 636.234 Service of process on a discount ~~medical~~ plan
605 organization.—Sections 624.422 and 624.423 apply to a discount
606 ~~medical~~ plan organization as if the discount ~~medical~~ plan
607 organization were an insurer.

608 Section 27. Section 636.236, Florida Statutes, is amended
609 to read:

610 636.236 Surety bond or security deposit.—

611 (1) Each discount ~~medical~~ plan organization licensed
612 pursuant to ~~the provisions of~~ this part shall ~~must~~ maintain in
613 force a surety bond in its own name in an amount not less than
614 \$35,000 to be used at the discretion of the office to protect
615 the financial interests of members who may be adversely affected
616 by the insolvency of a discount ~~medical~~ plan organization. The
617 bond must be issued by an insurance company that is licensed to
618 do business in this state.

619 (2) In lieu of the bond specified in subsection (1), a



144836

620 licensed discount ~~medical~~ plan organization may deposit and
621 maintain deposited in trust with the department securities
622 eligible for deposit under s. 625.52 having at all times a value
623 of not less than \$35,000. If a licensed discount ~~medical~~ plan
624 organization substitutes its deposited securities under this
625 subsection with a surety bond authorized in subsection (1), such
626 deposited securities must ~~shall~~ be returned to the discount
627 ~~medical~~ plan organization no later than 45 days following the
628 effective date of the surety bond.

629 (3) A ~~No~~ judgment creditor or other claimant of a discount
630 ~~medical~~ plan organization, other than the office or department,
631 does not ~~shall~~ have the right to levy upon any of the assets or
632 securities held in this state as a deposit under subsections (1)
633 and (2).

634 Section 28. Subsections (2) and (3) of section 636.238,
635 Florida Statutes, are amended to read:

636 636.238 Penalties for violation of this part.—

637 (2) A person who operates as or willfully aids and abets
638 another operating as a discount ~~medical~~ plan organization in
639 violation of s. 636.204(1) commits a felony punishable as
640 provided for in s. 624.401(4) (b), as if the unlicensed discount
641 ~~medical~~ plan organization were an unauthorized insurer, and the
642 fees, dues, charges, or other consideration collected from the
643 members by the unlicensed discount ~~medical~~ plan organization or
644 marketer were insurance premium.

645 (3) A person who collects fees for purported membership in
646 a discount ~~medical~~ plan but purposefully fails to provide the
647 promised benefits commits a theft, punishable as provided in s.
648 812.014.



144836

649 Section 29. Subsection (1) of section 636.240, Florida
650 Statutes, is amended to read:

651 636.240 Injunctions.—

652 (1) In addition to the penalties and other enforcement
653 provisions of this part, the office may seek both temporary and
654 permanent injunctive relief when:

655 (a) A discount ~~medical~~ plan is being operated by any person
656 or entity that is not licensed pursuant to this part.

657 (b) Any person, entity, or discount ~~medical~~ plan
658 organization has engaged in any activity prohibited by this part
659 or any rule adopted pursuant to this part.

660 Section 30. Section 636.244, Florida Statutes, is amended
661 to read:

662 636.244 Unlicensed discount ~~medical~~ plan organizations.—
663 Sections ~~The provisions of ss.~~ 626.901-626.912 apply to the
664 activities of an unlicensed discount ~~medical~~ plan organization
665 as if the unlicensed discount ~~medical~~ plan organization were an
666 unauthorized insurer.

667 Section 31. This act shall take effect upon becoming a law.

668
669 ===== T I T L E A M E N D M E N T =====

670 And the title is amended as follows:

671 Delete everything before the enacting clause
672 and insert:

673 A bill to be entitled
674 An act relating to discount plan organizations;
675 revising the titles of ch. 636, F.S., and part II of
676 ch. 636, F.S.; amending s. 636.202, F.S.; revising
677 definitions; amending s. 636.204, F.S.; conforming



144836

678 provisions to changes made by the act; requiring
679 third-party entities that contract with providers to
680 administer or provide platforms for discount plans to
681 be licensed as discount plan organizations; amending
682 s. 636.206, F.S.; conforming provisions to changes
683 made by the act; requiring discount plan organizations
684 to maintain, for a specified timeframe, certain
685 records in a form accessible to the Office of
686 Insurance Regulation during an examination or
687 investigation; amending s. 636.208, F.S.; conforming
688 provisions to changes made by the act; specifying
689 periodic charge reimbursement and other requirements
690 for discount plan organizations following membership
691 cancellation requests; amending s. 636.212, F.S.;
692 requiring discount plan organizations and marketers to
693 provide specified disclosures to prospective members
694 before enrollment; authorizing discount plan
695 organizations and marketers to make other disclosures;
696 requiring prospective members to acknowledge
697 acceptance of disclosures before enrollment;
698 specifying requirements for disclosures made in
699 writing or by electronic means; revising requirements
700 for disclosures made by telephone; amending s.
701 636.214, F.S.; making a technical change; conforming
702 provisions to changes made by the act; amending s.
703 636.216, F.S.; deleting provisions relating to charge
704 and form filings; conforming a provision to changes
705 made by the act; amending s. 636.228, F.S.; conforming
706 provisions to changes made by the act; authorizing a



144836

707 discount plan organization to delegate functions to
708 its marketers; providing that the discount plan
709 organization is bound by acts of its marketers within
710 the scope of the delegation; amending s. 636.230,
711 F.S.; conforming provisions to changes made by the
712 act; authorizing a marketer or discount plan
713 organization to commingle certain products on a single
714 page of certain documents; deleting a requirement for
715 discount medical plan fees to be provided in writing
716 under certain circumstances; amending s. 636.232,
717 F.S.; conforming a provision to changes made by the
718 act; deleting rulemaking authority of the Financial
719 Services Commission as to the establishment of certain
720 standards; amending ss. 408.9091, 408.910, 627.64731,
721 636.003, 636.205, 636.207, 636.210, 636.218, 636.220,
722 636.222, 636.223, 636.224, 636.226, 636.234, 636.236,
723 636.238, 636.240, and 636.244, F.S.; conforming
724 provisions to changes made by the act; providing an
725 effective date.