

By the Committee on Banking and Insurance; and Senators Bean and Flores

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1 A bill to be entitled
2 An act relating to discount plan organizations;
3 revising the titles of ch. 636, F.S., and part II of
4 ch. 636, F.S.; amending s. 636.202, F.S.; revising
5 definitions; amending s. 636.204, F.S.; conforming
6 provisions to changes made by the act; requiring
7 third-party entities that contract with providers to
8 administer or provide platforms for discount plans to
9 be licensed as discount plan organizations; amending
10 s. 636.206, F.S.; conforming provisions to changes
11 made by the act; requiring discount plan organizations
12 to maintain, for a specified timeframe, certain
13 records in a form accessible to the Office of
14 Insurance Regulation during an examination or
15 investigation; amending s. 636.208, F.S.; conforming
16 provisions to changes made by the act; specifying
17 periodic charge reimbursement and other requirements
18 for discount plan organizations following membership
19 cancellation requests; amending s. 636.212, F.S.;
20 requiring discount plan organizations and marketers to
21 provide specified disclosures to prospective members
22 before enrollment; authorizing discount plan
23 organizations and marketers to make other disclosures;
24 requiring prospective members to acknowledge
25 acceptance of disclosures before enrollment;
26 specifying requirements for disclosures made in
27 writing or by electronic means; revising requirements
28 for disclosures made by telephone; amending s.
29 636.214, F.S.; making a technical change; conforming

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30 provisions to changes made by the act; amending s.
31 636.216, F.S.; deleting provisions relating to charge
32 and form filings; conforming a provision to changes
33 made by the act; amending s. 636.228, F.S.; conforming
34 provisions to changes made by the act; authorizing a
35 discount plan organization to delegate functions to
36 its marketers; providing that the discount plan
37 organization is bound by acts of its marketers within
38 the scope of the delegation; amending s. 636.230,
39 F.S.; conforming provisions to changes made by the
40 act; authorizing a marketer or discount plan
41 organization to commingle certain products on a single
42 page of certain documents; deleting a requirement for
43 discount medical plan fees to be provided in writing
44 under certain circumstances; amending s. 636.232,
45 F.S.; conforming a provision to changes made by the
46 act; deleting rulemaking authority of the Financial
47 Services Commission as to the establishment of certain
48 standards; amending ss. 408.9091, 408.910, 627.64731,
49 636.003, 636.205, 636.207, 636.210, 636.218, 636.220,
50 636.222, 636.223, 636.224, 636.226, 636.234, 636.236,
51 636.238, 636.240, and 636.244, F.S.; conforming
52 provisions to changes made by the act; providing an
53 effective date.

54
55 Be It Enacted by the Legislature of the State of Florida:

56
57 Section 1. Chapter 636, Florida Statutes, entitled "Prepaid
58 Limited Health Service Organizations and Discount Medical Plan

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59 Organizations," is retitled "Prepaid Limited Health Service
60 Organizations and Discount Plan Organizations."

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

64 Section 3. Section 636.202, Florida Statutes, is amended to
65 read:

66 636.202 Definitions.—As used in this part, the term:

67 (1) "Discount ~~medical~~ plan" means a business arrangement or
68 contract in which a person, in exchange for fees, dues, charges,
69 or other consideration, provides access for plan members to
70 providers of medical services and the right to receive medical
71 services from those providers at a discount. The term "~~discount~~
72 ~~medical plan~~" does not include any product regulated under
73 chapter 627, chapter 641, or part I of this chapter; ~~or~~ any
74 medical services provided through a telecommunications medium
75 that does not offer a discount to the plan member for those
76 medical services; or any plan that does not charge a fee to plan
77 members. Until June 30, 2018, a discount plan may also be
78 referred to as a discount medical plan.

79 (2) "Discount ~~medical~~ plan organization" means an entity
80 that which, in exchange for fees, dues, charges, or other
81 consideration, provides access for plan members to providers of
82 medical services and the right to receive medical services from
83 those providers at a discount. Until June 30, 2018, a discount
84 plan organization may also be referred to as a discount medical
85 plan organization.

86 (3) "Marketer" means a person or entity that which markets,
87 promotes, sells, or distributes a discount ~~medical~~ plan,

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88 including a private label entity that ~~which~~ places its name on
89 and markets or distributes a discount ~~medical~~ plan but does not
90 operate a discount ~~medical~~ plan.

91 (4) "Medical services" means any care, service, or
92 treatment of illness or dysfunction of, or injury to, the human
93 body, including, but not limited to, physician care, inpatient
94 care, hospital surgical services, emergency services, ambulance
95 services, dental care services, vision care services, mental
96 health services, substance abuse services, chiropractic
97 services, podiatric care services, laboratory services, and
98 medical equipment and supplies. The term does not include
99 pharmaceutical supplies or prescriptions.

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

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

106 (7) "Provider network" means an entity that ~~which~~
107 negotiates on behalf of more than one provider with a discount
108 ~~medical~~ plan organization to provide medical services to
109 members.

110 Section 4. Subsections (1), (2), (4), and (6) of section
111 636.204, Florida Statutes, are amended to read:

112 636.204 License required.—

113 (1) Before doing business in this state as a discount
114 ~~medical~~ plan organization, an entity must be a corporation, a
115 limited liability company, or a limited partnership,
116 incorporated, organized, formed, or registered under the laws of

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117 this state or authorized to transact business in this state in
118 accordance with chapter 605, part I of chapter 607, chapter 617,
119 chapter 620, or chapter 865, and must be licensed by the office
120 as a discount ~~medical~~ plan organization or be licensed by the
121 office pursuant to chapter 624, part I of this chapter, or
122 chapter 641.

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

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

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

131 (c) A list of the names, addresses, official positions, and
132 biographical information of the individuals who are responsible
133 for conducting the applicant's affairs, including, but not
134 limited to, all members of the board of directors, board of
135 trustees, executive committee, or other governing board or
136 committee, the officers, contracted management company
137 personnel, and any person or entity owning or having the right
138 to acquire 10 percent or more of the voting securities of the
139 applicant. Such listing must fully disclose the extent and
140 nature of any contracts or arrangements between any individual
141 who is responsible for conducting the applicant's affairs and
142 the discount ~~medical~~ plan organization, including any possible
143 conflicts of interest.

144 (d) A complete biographical statement~~r~~, on forms prescribed
145 by the commission, an independent investigation report, and a

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146 set of fingerprints, as provided in chapter 624, with respect to
147 each individual identified under paragraph (c).

148 (e) A statement generally describing the applicant, its
149 facilities and personnel, and the medical services to be
150 offered.

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

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

157 (h) A copy of the form of any contract made or to be made
158 between the applicant and any person, corporation, partnership,
159 or other entity for the performance on the applicant's behalf of
160 any function, including, but not limited to, marketing,
161 administration, enrollment, investment management, and
162 subcontracting for the provision of health services to members.

163 (i) A copy of the applicant's most recent financial
164 statements audited by an independent certified public
165 accountant. An applicant that is a subsidiary of a parent entity
166 that is publicly traded and that prepares audited financial
167 statements reflecting the consolidated operations of the parent
168 entity and the subsidiary may petition the office to accept, in
169 lieu of the audited financial statement of the applicant, the
170 audited financial statement of the parent entity and a written
171 guaranty by the parent entity that the minimum capital
172 requirements of the applicant required by this part will be met
173 by the parent entity.

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

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

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

178 (m) Such other information as the commission or office may
179 reasonably require to make the determinations required by this
180 part.

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

184 (6) This part does not require ~~Nothing in this part~~
185 ~~requires~~ a provider who provides discounts to his or her own
186 patients to obtain and maintain a license as a discount ~~medical~~
187 plan organization. If a provider contracts with a third-party
188 entity to administer or provide a platform for a discount plan,
189 the third-party entity must be licensed as a discount plan
190 organization.

191 Section 5. Section 636.206, Florida Statutes, is amended to
192 read:

193 636.206 Examinations and investigations.—

194 (1) The office may examine or investigate the business and
195 affairs of any discount ~~medical~~ plan organization. The office
196 may order any discount ~~medical~~ plan organization or applicant to
197 produce any records, books, files, advertising and solicitation
198 materials, or other information and may take statements under
199 oath to determine whether the discount ~~medical~~ plan organization
200 or applicant is in violation of the law or is acting contrary to
201 the public interest. The expenses incurred in conducting any
202 examination or investigation must be paid by the discount
203 ~~medical~~ plan organization or applicant. Examinations and

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204 investigations must be conducted as provided in chapter 624. For
205 the duration of the agreement and for 5 years thereafter, every
206 discount plan organization shall maintain, in a form accessible
207 to the office during an examination or investigation, an
208 accurate record of each member, the membership materials
209 provided to the member, the discount plan issued to the member,
210 and the charges billed and paid by the member.

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

214 Section 6. Section 636.208, Florida Statutes, is amended to
215 read:

216 636.208 Fees; charges; reimbursement.—

217 (1) A discount ~~medical~~ plan organization may charge a
218 periodic charge as well as a reasonable one-time processing fee
219 for a discount ~~medical~~ plan.

220 (2) (a) If the member cancels his or her membership in the
221 discount ~~medical~~ plan organization within the first 30 days
222 after the effective date of enrollment in the plan, the member
223 shall receive a reimbursement of all periodic charges upon
224 return of the discount card to the discount ~~medical~~ plan
225 organization.

226 (b) If the member cancels his or her membership in the
227 discount plan organization consistent with the open enrollment
228 rules established by an employer or association for a plan
229 having an open enrollment period, the member shall receive a pro
230 rata reimbursement of all periodic charges upon return of the
231 discount card to the discount plan organization.

232 (c) Except for plans enrolled under paragraph (b), if the

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233 member requests in writing the cancellation of his or her
234 membership in the discount plan organization after the first 30
235 days allowed in paragraph (a), the discount plan organization:

236 1. Must make the cancellation effective no later than 30
237 days after receiving the member's cancellation request;

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

240 3. Must provide the member a pro rata reimbursement of
241 periodic charges for all months after the effective date of the
242 cancellation.

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

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

252 Section 7. Section 636.212, Florida Statutes, is amended to
253 read:

254 636.212 Disclosures.—A discount plan organization or
255 marketer shall provide disclosures to a prospective member
256 before his or her enrollment. A discount plan organization or
257 marketer may make disclosures in addition to those described in
258 this part. Before enrollment, a prospective member must
259 acknowledge he or she has accepted the disclosures ~~The following~~
260 ~~disclosures must be made in writing to any prospective member~~
261 ~~and must be on the first page of any advertisements, marketing~~

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262 ~~materials, or brochures relating to a discount medical plan. The~~
263 ~~disclosures must be printed in not less than 12-point type:~~

264 (1) The disclosures must include:

265 (a) That the plan is not insurance.

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

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

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

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

276 (2) Written disclosures must include the disclosures in
277 subsection (1) on the first page of any advertisement, marketing
278 material, or brochure relating to a discount plan. The first
279 page is the page that first includes the information describing
280 benefits. The disclosures must be printed in not less than 12-
281 point type.

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

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

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291 ~~If the initial contract is made by telephone, the disclosures~~
292 ~~required by this section shall be made orally and provided in~~
293 ~~the initial written materials that describe the benefits under~~
294 ~~the discount medical plan provided to the prospective or new~~
295 ~~member.~~

296 Section 8. Section 636.214, Florida Statutes, is amended to
297 read:

298 636.214 Provider agreements.—

299 (1) All providers offering medical services to members
300 under a discount ~~medical~~ plan must provide such services
301 pursuant to a written agreement. The agreement may be entered
302 into directly by the provider or by a provider network to which
303 the provider belongs.

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

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

308 (b) The amount or amounts of the discounts or,
309 alternatively, a fee schedule which reflects the provider's
310 discounted rates.

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

313 (3) A provider agreement between a discount ~~medical~~ plan
314 organization and a provider network must ~~shall~~ require that the
315 provider network have written agreements with its providers
316 which:

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

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

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

323 (4) The discount ~~medical~~ plan organization shall maintain a
324 copy of each active provider agreement into which it has
325 entered.

326 Section 9. Section 636.216, Florida Statutes, is amended to
327 read:

328 636.216 Written agreement ~~Charge or form filings.~~

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

335 ~~(2) There must be a written agreement between the discount
336 medical plan organization and the member specifying the benefits
337 under the discount medical plan and complying with the
338 disclosure requirements of this part.~~

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

344 ~~(4) A charge or form is considered approved on the 60th day
345 after its date of filing unless it has been previously
346 disapproved by the office. The office shall disapprove any form
347 that does not meet the requirements of this part or that is
348 unreasonable, discriminatory, misleading, or unfair. If such~~

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349 ~~filings are disapproved, the office shall notify the discount~~
350 ~~medical plan organization and shall specify in the notice the~~
351 ~~reasons for disapproval.~~

352 Section 10. Section 636.228, Florida Statutes, is amended
353 to read:

354 636.228 Marketing of discount ~~medical~~ plans.—

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

358 (2) The discount ~~medical~~ plan organization must ~~shall~~ have
359 an executed written agreement with a marketer before ~~prior to~~
360 the marketer's marketing, promoting, selling, or distributing
361 the discount ~~medical~~ plan. Such agreement must ~~shall~~ prohibit
362 the marketer from using marketing materials, brochures, and
363 discount cards without the approval in writing by the discount
364 ~~medical~~ plan organization. The discount ~~medical~~ plan
365 organization may delegate functions to its marketers but shall
366 be bound by any acts of its marketers, within the scope of the
367 delegation, which ~~marketers' agency, that~~ do not comply with the
368 ~~provisions of this part.~~

369 Section 11. Section 636.230, Florida Statutes, is amended
370 to read:

371 636.230 Bundling discount ~~medical~~ plans with other
372 products.—A marketer or discount plan organization selling a
373 discount plan with medical services and other services may
374 commingle those products on a single page of forms,
375 advertisements, marketing materials, or brochures ~~When a~~
376 ~~marketer or discount medical plan organization sells a discount~~
377 ~~medical plan together with any other product, the fees for the~~

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378 ~~discount medical plan must be provided in writing to the member~~
379 ~~if the fees exceed \$30.~~

380 Section 12. Section 636.232, Florida Statutes, is amended
381 to read:

382 636.232 Rules.—The commission may adopt rules to administer
383 this part, including rules for the licensing of discount ~~medical~~
384 ~~plan organizations,~~ ; ~~establishing standards for evaluating~~
385 ~~forms, advertisements, marketing materials, brochures, and~~
386 ~~discount cards;~~ providing for the collection of data, ; relating
387 to disclosures to plan members, ; and defining terms used in this
388 part.

389 Section 13. Paragraph (b) of subsection (5) of section
390 408.9091, Florida Statutes, is amended to read:

391 408.9091 Cover Florida Health Care Access Program.—

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

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

401 Section 14. Paragraph (d) of subsection (2) and paragraph
402 (d) of subsection (4) of section 408.910, Florida Statutes, are
403 amended to read:

404 408.910 Florida Health Choices Program.—

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

406 (d) "Insurer" means an entity licensed under chapter 624

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407 which offers an individual health insurance policy or a group
408 health insurance policy, a preferred provider organization as
409 defined in s. 627.6471, an exclusive provider organization as
410 defined in s. 627.6472, ~~or~~ a health maintenance organization
411 licensed under part I of chapter 641, or a prepaid limited
412 health service organization or discount ~~medical~~ plan
413 organization licensed under chapter 636.

414 (4) ELIGIBILITY AND PARTICIPATION.—Participation in the
415 program is voluntary and shall be available to employers,
416 individuals, vendors, and health insurance agents as specified
417 in this subsection.

418 (d) All eligible vendors who choose to participate and the
419 products and services that the vendors are permitted to sell are
420 as follows:

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

424 2. Health maintenance organizations licensed under part I
425 of chapter 641 may sell health maintenance contracts, limited
426 benefit policies, other risk-bearing products, and other
427 products or services.

428 3. Prepaid limited health service organizations may sell
429 products and services as authorized under part I of chapter 636,
430 and discount ~~medical~~ plan organizations may sell products and
431 services as authorized under part II of chapter 636.

432 4. Prepaid health clinic service providers licensed under
433 part II of chapter 641 may sell prepaid service contracts and
434 other arrangements for a specified amount and type of health
435 services or treatments.

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436 5. Health care providers, including hospitals and other
437 licensed health facilities, health care clinics, licensed health
438 professionals, pharmacies, and other licensed health care
439 providers, may sell service contracts and arrangements for a
440 specified amount and type of health services or treatments.

441 6. Provider organizations, including service networks,
442 group practices, professional associations, and other
443 incorporated organizations of providers, may sell service
444 contracts and arrangements for a specified amount and type of
445 health services or treatments.

446 7. Corporate entities providing specific health services in
447 accordance with applicable state law may sell service contracts
448 and arrangements for a specified amount and type of health
449 services or treatments.

450

451 A vendor described in subparagraphs 3.-7. may not sell products
452 that provide risk-bearing coverage unless that vendor is
453 authorized under a certificate of authority issued by the Office
454 of Insurance Regulation and is authorized to provide coverage in
455 the relevant geographic area. Otherwise eligible vendors may be
456 excluded from participating in the program for deceptive or
457 predatory practices, financial insolvency, or failure to comply
458 with the terms of the participation agreement or other standards
459 set by the corporation.

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

462 627.64731 Leasing, renting, or granting access to a
463 participating provider.—

464 (11) This section does not apply to a contract between a

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465 contracting entity and a discount ~~medical~~ plan organization
466 licensed or exempt under part II of chapter 636.

467 Section 16. Paragraph (c) of subsection (7) of section
468 636.003, Florida Statutes, is amended to read:

469 636.003 Definitions.—As used in this act, the term:

470 (7) "Prepaid limited health service organization" means any
471 person, corporation, partnership, or any other entity which, in
472 return for a prepayment, undertakes to provide or arrange for,
473 or provide access to, the provision of a limited health service
474 to enrollees through an exclusive panel of providers. Prepaid
475 limited health service organization does not include:

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

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

480 636.205 Issuance of license; denial.—

481 (1) Following receipt of an application filed pursuant to
482 s. 636.204, the office shall review the application and notify
483 the applicant of any deficiencies contained therein. The office
484 shall issue a license to an applicant who has filed a completed
485 application pursuant to s. 636.204 upon payment of the fees
486 specified in s. 636.204 and upon the office being satisfied that
487 the following conditions are met:

488 (c) The ownership, control, and management of the entity
489 are competent and trustworthy and possess managerial experience
490 that would make the proposed operation beneficial to the
491 subscribers. The office may ~~shall~~ not grant or continue to grant
492 authority to transact the business of a discount ~~medical~~ plan
493 organization in this state at any time during which the office

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494 has good reason to believe that the ownership, control, or
495 management of the organization includes any person whose
496 business operations are or have been marked by business
497 practices or conduct that is detrimental to the public,
498 stockholders, investors, or creditors.

499 (d) The discount ~~medical~~ plan organization has a complaint
500 procedure that will facilitate the resolution of subscriber
501 grievances and that includes both formal and informal steps
502 available within the organization.

503 Section 18. Section 636.207, Florida Statutes, is amended
504 to read:

505 636.207 Applicability of part.—Except as otherwise provided
506 in this part, discount ~~medical~~ plan organizations are governed
507 by ~~the provisions of~~ this part and are exempt from the Florida
508 Insurance Code unless specifically referenced.

509 Section 19. Section 636.210, Florida Statutes, is amended
510 to read:

511 636.210 Prohibited activities of a discount ~~medical~~ plan
512 organization.—

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

514 (a) Use in its advertisements, marketing material,
515 brochures, and discount cards the term "insurance" except as
516 otherwise provided in this part or as a disclaimer of any
517 relationship between discount ~~medical~~ plan organization benefits
518 and insurance;

519 (b) Use in its advertisements, marketing material,
520 brochures, and discount cards the terms "health plan,"
521 "coverage," "copay," "copayments," "preexisting conditions,"
522 "guaranteed issue," "premium," "PPO," "preferred provider

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523 organization," or other terms in a manner that could reasonably
524 mislead a person into believing the discount ~~medical~~ plan was
525 health insurance;

526 (c) Have restrictions on free access to plan providers,
527 including, but not limited to, waiting periods and notification
528 periods; or

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

530 (2) A discount ~~medical~~ plan organization may not collect or
531 accept money from a member for payment to a provider for
532 specific medical services furnished or to be furnished to the
533 member unless the organization has an active certificate of
534 authority from the office to act as an administrator.

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

538 636.218 Annual reports.—

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

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

544 (b) If different from the initial application or the last
545 annual report, a list of the names and residence addresses of
546 all persons responsible for the conduct of the organization's
547 affairs, together with a disclosure of the extent and nature of
548 any contracts or arrangements between such persons and the
549 discount ~~medical~~ plan organization, including any possible
550 conflicts of interest.

551 (c) The number of discount ~~medical~~ plan members in the

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552 state.

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

556 (3) Every discount ~~medical~~ plan organization that ~~which~~
557 fails to file an annual report in the form and within the time
558 required by this section shall forfeit up to \$500 for each day
559 for the first 10 days during which the neglect continues and
560 shall forfeit up to \$1,000 for each day after the first 10 days
561 during which the neglect continues; and, upon notice by the
562 office to that effect, the organization's authority to enroll
563 new members or to do business in this state ceases while such
564 default continues. The office shall deposit all sums collected
565 by the office under this section to the credit of the Insurance
566 Regulatory Trust Fund. The office may not collect more than
567 \$50,000 for each report.

568 Section 21. Section 636.220, Florida Statutes, is amended
569 to read:

570 636.220 Minimum capital requirements.-

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

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

575 Section 22. Section 636.222, Florida Statutes, is amended
576 to read:

577 636.222 Suspension or revocation of license; suspension of
578 enrollment of new members; terms of suspension.-

579 (1) The office may suspend the authority of a discount
580 ~~medical~~ plan organization to enroll new members, revoke any

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581 license issued to a discount ~~medical~~ plan organization, or order
582 compliance if the office finds that any of the following
583 conditions exist:

584 (a) The organization is not operating in compliance with
585 this part.

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

588 (c) The organization has advertised, merchandised, or
589 attempted to merchandise its services in such a manner as to
590 misrepresent its services or capacity for service or has engaged
591 in deceptive, misleading, or unfair practices with respect to
592 advertising or merchandising.

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

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

597 (2) If the office has cause to believe that grounds for the
598 suspension or revocation of a license exist, the office must
599 ~~shall~~ notify the discount ~~medical~~ plan organization in writing
600 specifically stating the grounds for suspension or revocation
601 and shall pursue a hearing on the matter in accordance with ~~the~~
602 ~~provisions of~~ chapter 120.

603 (3) When the license of a discount ~~medical~~ plan
604 organization is surrendered or revoked, such organization must
605 proceed, immediately following the effective date of the order
606 of revocation, to wind up its affairs transacted under the
607 license. The organization may not engage in any further
608 advertising, solicitation, collecting of fees, or renewal of
609 contracts.

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610 (4) The office shall, in its order suspending the authority
611 of a discount ~~medical~~ plan organization to enroll new members,
612 specify the period during which the suspension is to be in
613 effect and the conditions, if any, which must be met by the
614 discount ~~medical~~ plan organization before ~~prior to~~ reinstatement
615 of its license to enroll new members. The order of suspension is
616 subject to rescission or modification by further order of the
617 office before ~~prior to~~ the expiration of the suspension period.
618 Reinstatement may not be made unless requested by the discount
619 ~~medical~~ plan organization; however, the office may not grant
620 reinstatement if it finds that the circumstances for which the
621 suspension occurred still exist or are likely to recur.

622 Section 23. Section 636.223, Florida Statutes, is amended
623 to read:

624 636.223 Administrative penalty.—In lieu of suspending or
625 revoking a certificate of authority whenever any discount
626 ~~medical~~ plan organization has been found to have violated any
627 provision of this part, the office may:

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

632 (2) Impose a monetary penalty of not less than \$100 for
633 each violation, but not to exceed an aggregate penalty of
634 \$75,000.

635 Section 24. Section 636.224, Florida Statutes, is amended
636 to read:

637 636.224 Notice of change of name or address of discount
638 ~~medical~~ plan organization.—Each discount ~~medical~~ plan

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639 organization must provide the office at least 30 days' advance
640 notice of any change in the discount ~~medical~~ plan organization's
641 name, address, principal business address, or mailing address.

642 Section 25. Section 636.226, Florida Statutes, is amended
643 to read:

644 636.226 Provider name listing.—Each discount ~~medical~~ plan
645 organization must maintain on an Internet website an up-to-date
646 list of the names and addresses of the providers with which it
647 has contracted, ~~on an Internet website page~~, the address of
648 which must ~~shall~~ be prominently displayed on all its
649 advertisements, marketing materials, brochures, and discount
650 cards. This section applies to those providers with whom the
651 discount ~~medical~~ plan organization has contracted directly, as
652 well as those who are members of a provider network with which
653 the discount ~~medical~~ plan organization has contracted.

654 Section 26. Section 636.234, Florida Statutes, is amended
655 to read:

656 636.234 Service of process on a discount ~~medical~~ plan
657 organization.—Sections 624.422 and 624.423 apply to a discount
658 ~~medical~~ plan organization as if the discount ~~medical~~ plan
659 organization were an insurer.

660 Section 27. Section 636.236, Florida Statutes, is amended
661 to read:

662 636.236 Surety bond or security deposit.—

663 (1) Each discount ~~medical~~ plan organization licensed
664 pursuant to ~~the provisions of this part~~ shall ~~must~~ maintain in
665 force a surety bond in its own name in an amount not less than
666 \$35,000 to be used at the discretion of the office to protect
667 the financial interests of members who may be adversely affected

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668 by the insolvency of a discount ~~medical~~ plan organization. The
669 bond must be issued by an insurance company that is licensed to
670 do business in this state.

671 (2) In lieu of the bond specified in subsection (1), a
672 licensed discount ~~medical~~ plan organization may deposit and
673 maintain deposited in trust with the department securities
674 eligible for deposit under s. 625.52 having at all times a value
675 of not less than \$35,000. If a licensed discount ~~medical~~ plan
676 organization substitutes its deposited securities under this
677 subsection with a surety bond authorized in subsection (1), such
678 deposited securities must ~~shall~~ be returned to the discount
679 ~~medical~~ plan organization no later than 45 days following the
680 effective date of the surety bond.

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

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

688 636.238 Penalties for violation of this part.—

689 (2) A person who operates as or willfully aids and abets
690 another operating as a discount ~~medical~~ plan organization in
691 violation of s. 636.204(1) commits a felony punishable as
692 provided for in s. 624.401(4) (b), as if the unlicensed discount
693 ~~medical~~ plan organization were an unauthorized insurer, and the
694 fees, dues, charges, or other consideration collected from the
695 members by the unlicensed discount ~~medical~~ plan organization or
696 marketer were insurance premium.

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697 (3) A person who collects fees for purported membership in
698 a discount ~~medical~~ plan but purposefully fails to provide the
699 promised benefits commits a theft, punishable as provided in s.
700 812.014.

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

703 636.240 Injunctions.—

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

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

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

712 Section 30. Section 636.244, Florida Statutes, is amended
713 to read:

714 636.244 Unlicensed discount ~~medical~~ plan organizations.—
715 Sections ~~The provisions of ss.~~ 626.901-626.912 apply to the
716 activities of an unlicensed discount ~~medical~~ plan organization
717 as if the unlicensed discount ~~medical~~ plan organization were an
718 unauthorized insurer.

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