SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 14, 1998 Revised:

Subject: Health Insurance

	Analyst	Staff Director	Reference	Action
1.	Emrich	Deffenbaugh	BI	Favorable/CS
2.			WM	Withdrawn
3.				
4.				
5.				

I. Summary:

Committee Substitute for Senate Bill 1752 revises standards for the operation of prepaid limited health service organizations (PLHSOs). The bill mandates the following provisions:

- Requires each PLHSO to make available to each subscriber, upon request, a detailed description of the process used to authorize and cover services, or examine qualifications and credentials of providers. Additionally, a PLHSO is required to include in its member handbook, the number of the consumer toll-free hotline for the Department of Insurance.

- Requires each PLHSO to report annually to the Department of Insurance the total number of grievances handled, a categorization of the cases underlying the grievances, and the final disposition of the grievances.

This bill substantially amends sections 636.016 and 636.038 of the Florida Statutes.

II. Present Situation:

Chapter 636, F.S., created by chapter 93-148, Laws of Florida, provides for the Department of Insurance to license and regulate prepaid limited health service organizations (PLHSOs).These organizations are similar to health maintenance organizations, but are limited to the provision of the following services: ambulance, dental care, vision care, mental health, substance abuse, chiropractic care, podiatric care, and pharmaceutical. Prepaid limited health service organizations may not offer inpatient or surgical hospital services or emergency services, except as such services are incidental to a limited health service. Through a PLHSO, subscribers receive services from providers such as physicians, dentists, health facilities, or other persons or institutions which are licensed in Florida to deliver limited health services, as defined in subsection 636.003(7), F.S.

As provided under s. 636.005, F.S., PLHSOs must be incorporated, and they may be either a for-profit or not-for-profit corporation. Such an organization may be incorporated in a state other than Florida, if it maintains a certificate of authority or license in that state to provide the same services which it intends to provide in Florida at the time it applies for a certificate of authority from the department. Section 636.006, F.S., prohibits PLHSOs from transacting any insurance business, other than that specified under the act or under their certificate of authority.

Subsection 636.016(2), F.S., requires PLHSOs to provide each subscriber with a contract, certificate, membership card, or member handbook which must clearly state all of the services to which a subscriber is entitled under the contract and must include a clear and understandable statement regarding any limitations on the services or kinds of services to be provided. Section 636.018, F.S., provides for changes in rates and benefits, material modifications, and the addition of limited health services. Paragraph 636.018(1)(a), F.S., provides that a PLHSO contract, certificate of coverage, or application may not be delivered in Florida unless the forms and rates have been filed with the department by or on behalf of the PLHSO and have been approved by the department. To change contract terms or any documents that are made part of the contract and provided to subscribers, a PLHSO must file a notice of the change with the department at least 30 days prior to its effective date and provide at least 30 days' written notice to subscribers before implementing any approved change.

Section 636.035, F.S., expressly allocates financial liability to the PLHSO for services rendered to a PLHSO subscriber by a provider under contract with the PLHSO, and requires that such contracts state so explicitly. Under this provision, a physician, dentist, health care institution, or other provider is prohibited from collecting or attempting to collect money for services covered by a PLHSO from a subscriber in good standing, except for copayments or deductibles. Section 636.038, F.S., requires every PLHSO to establish and maintain a complaint system providing reasonable procedures for resolving written complaints initiated by enrollees and providers. This section does not preclude an enrollee or a provider from filing a complaint with the department or limit the department's ability to investigate such complaints.

III. Effect of Proposed Changes:

Section 1. Amends s. 636.016, F.S., relating to PLHSO contracts, to require each PLHSO to make available to each subscriber, upon request, a description of the process used to authorize and refer services or examine the qualifications and credentials of providers under contract with the organization. A PLHSO is required to include in its member handbook printed after October 1, 1998, the department's address and the number of the department's toll-free consumer hotline.

Section 2. Amends s. 636.038, F.S., to require each PLHSO to report annually to the Department of Insurance the total number of grievances handled, a categorization of the cases underlying the grievances, and the final disposition of the grievances.
Section 3. Provides an effective date of October 1, 1998.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

PLHSOs will face slight additional costs in complying with the provisions of this act. Subscribers to PLHSOs will have more consumer protections.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.