

By Senator Brown-Waite

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A bill to be entitled  
An act relating to insurance; amending s.  
641.31, F.S.; providing for return of excessive  
premiums received for health maintenance  
contracts; providing an effective date.

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

Section 1. Subsection (2) of section 641.31, Florida  
Statutes, 1998 Supplement, is amended to read:

641.31 Health maintenance contracts.--

(2) The rates charged by any health maintenance  
organization to its subscribers shall not be excessive,  
inadequate, or unfairly discriminatory. The department, in  
accordance with generally accepted actuarial practice as  
applied to health maintenance organizations, may define by  
rule what constitutes excessive, inadequate, or unfairly  
discriminatory rates and may require whatever information it  
deems necessary to determine that a rate or proposed rate  
meets the requirements of this subsection. If the department  
finds that a rate or rate change is excessive, inadequate, or  
unfairly discriminatory, the department shall issue an order  
of disapproval specifying that a new rate or rate schedule  
that responds to the findings of the department be filed by  
the health maintenance organization. The department shall  
further order that premiums charged each contractholder  
constituting the portion of the rate above that which was  
actuarially justified be returned to such contractholder in  
the form of a credit or refund. If the department finds that a  
health maintenance organization's rate or rate change is  
inadequate, the new rate or rate schedule filed with the

1 department in response to such a finding shall be applicable  
2 only to new or renewal business of the health maintenance  
3 organization written or after the effective date of the  
4 responsive filing.

5 Section 2. This act shall take effect July 1, 1999,  
6 and shall apply to policies and contracts issued or renewed on  
7 or after that date.

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SENATE SUMMARY

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Requires the department to issue an order of disapproval  
against a health maintenance organization that it  
determines has charged excessive, inadequate, or unfairly  
discriminatory rates.