

By Representative Argenziano

1 A bill to be entitled
2 An act relating to insurance; amending s.
3 641.31, F.S.; providing for return of excessive
4 premiums received for health maintenance
5 contracts; providing an effective date.
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7 Be It Enacted by the Legislature of the State of Florida:

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

11 641.31 Health maintenance contracts.--

12 (2) The rates charged by any health maintenance
13 organization to its subscribers shall not be excessive,
14 inadequate, or unfairly discriminatory. The department, in
15 accordance with generally accepted actuarial practice as
16 applied to health maintenance organizations, may define by
17 rule what constitutes excessive, inadequate, or unfairly
18 discriminatory rates and may require whatever information it
19 deems necessary to determine that a rate or proposed rate
20 meets the requirements of this subsection. If the department
21 finds that a rate or rate change is excessive, inadequate, or
22 unfairly discriminatory, the department shall issue an order
23 of disapproval specifying that a new rate or rate schedule
24 that responds to the findings of the department be filed by
25 the health maintenance organization. The department shall
26 further order that premiums charged each contractholder
27 constituting the portion of the rate above that which was
28 actuarially justified be returned to such contractholder in
29 the form of a credit or refund. If the department finds that a
30 health maintenance organization's rate or rate change is
31 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.