

Bill No. CS for SB's 2472 & 1892

Amendment No. \_\_\_\_

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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11	Senator Lee moved the following amendment:		
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13	<b>Senate Amendment (with title amendment)</b>		
14	On page 10, after line 31,		
15			
16	insert:		
17	Section 10. Subsection (1) of section 627.6645,		
18	Florida Statutes, is amended and subsection (5) is added to		
19	that section to read:		
20	627.6645 Notification of cancellation, expiration,		
21	nonrenewal, or change in rates.--		
22	(1) Every insurer delivering or issuing for delivery a		
23	group health insurance policy under the provisions of this		
24	part shall give the policyholder at least 45 days' advance		
25	notice of cancellation, expiration, nonrenewal, or a change in		
26	rates. Such notice shall be mailed to the policyholder's last		
27	address as shown by the records of the insurer. However, if		
28	cancellation is for nonpayment of premium, <u>only</u> the		
29	requirements of <u>subsection (5)</u> <del>this section shall not</del> apply.		
30	Upon receipt of such notice, the policyholder shall forward,		
31	as soon as practicable, the notice of expiration,		

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1 cancellation, or nonrenewal to each certificateholder covered  
2 under the policy.

3 (5) If cancellation is due to nonpayment of premium,  
4 the insurer may not retroactively cancel the policy to a date  
5 prior to the date that notice of cancellation was provided to  
6 the policyholder unless the insurer mails notice of  
7 cancellation to the policyholder prior to 45 days after the  
8 date the premium was due. Such notice must be mailed to the  
9 policyholder's last address as shown by the records of the  
10 insurer and may provide for a retroactive date of cancellation  
11 no earlier than midnight of the date that the premium was due.

12 Section 11. Section 627.6675, Florida Statutes, 1998  
13 Supplement, is amended to read:

14 627.6675 Conversion on termination of  
15 eligibility.--Subject to all of the provisions of this  
16 section, a group policy delivered or issued for delivery in  
17 this state by an insurer or nonprofit health care services  
18 plan that provides, on an expense-incurred basis, hospital,  
19 surgical, or major medical expense insurance, or any  
20 combination of these coverages, shall provide that an employee  
21 or member whose insurance under the group policy has been  
22 terminated for any reason, including discontinuance of the  
23 group policy in its entirety or with respect to an insured  
24 class, and who has been continuously insured under the group  
25 policy, and under any group policy providing similar benefits  
26 that the terminated group policy replaced, for at least 3  
27 months immediately prior to termination, shall be entitled to  
28 have issued to him or her by the insurer a policy or  
29 certificate of health insurance, referred to in this section  
30 as a "converted policy." A group insurer may meet the  
31 requirements of this section by contracting with another

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1 insurer, authorized in this state, to issue an individual  
2 converted policy, which policy has been approved by the  
3 department under s. 627.410. An employee or member shall not  
4 be entitled to a converted policy if termination of his or her  
5 insurance under the group policy occurred because he or she  
6 failed to pay any required contribution, or because any  
7 discontinued group coverage was replaced by similar group  
8 coverage within 31 days after discontinuance.

9 (1) TIME LIMIT.--Written application for the converted  
10 policy shall be made and the first premium must be paid to the  
11 insurer, not later than 63 days after termination of the group  
12 policy. However, if termination was the result of failure to  
13 pay any required premium or contribution and such nonpayment  
14 of premium was due to acts of an employer or policyholder  
15 other than the employee or certificateholder, written  
16 application for the converted policy must be made and the  
17 first premium must be paid to the insurer not later than 63  
18 days after notice of termination is mailed by the insurer or  
19 the employer, whichever is earlier, to the employee's or  
20 certificateholder's last address as shown by the record of the  
21 insurer or the employer, whichever is applicable. In such case  
22 of termination due to nonpayment of premium by the employer or  
23 policyholder, the premium for the converted policy may not  
24 exceed the rate for the prior group coverage for the period of  
25 coverage under the converted policy prior to the date notice  
26 of termination is mailed to the employee or certificateholder.  
27 For the period of coverage after such date, the premium for  
28 the converted policy is subject to the requirements of  
29 subsection (3).

30 (2) EVIDENCE OF INSURABILITY.--The converted policy  
31 shall be issued without evidence of insurability.

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1           (3) CONVERSION PREMIUM; EFFECT ON PREMIUM RATES FOR  
2 GROUP COVERAGE.--

3           (a) The premium for the converted policy shall be  
4 determined in accordance with premium rates applicable to the  
5 age and class of risk of each person to be covered under the  
6 converted policy and to the type and amount of insurance  
7 provided. However, the premium for the converted policy may  
8 not exceed 200 percent of the standard risk rate as  
9 established by the department, pursuant to this subsection.

10           (b) Actual or expected experience under converted  
11 policies may be combined with such experience under group  
12 policies for the purposes of determining premium and loss  
13 experience and establishing premium rate levels for group  
14 coverage.

15           (c) The department shall annually determine standard  
16 risk rates, using reasonable actuarial techniques and  
17 standards adopted by the department by rule. The standard risk  
18 rates must be determined as follows:

19           1. Standard risk rates for individual coverage must be  
20 determined separately for indemnity policies, preferred  
21 provider/exclusive provider policies, and health maintenance  
22 organization contracts.

23           2. The department shall survey insurers and health  
24 maintenance organizations representing at least an 80 percent  
25 market share, based on premiums earned in the state for the  
26 most recent calendar year, for each of the categories  
27 specified in subparagraph 1.

28           3. Standard risk rate schedules must be determined,  
29 computed as the average rates charged by the carriers  
30 surveyed, giving appropriate weight to each carrier's  
31 statewide market share of earned premiums.

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1           4. The rate schedule shall be determined from analysis  
2 of the one county with the largest market share in the state  
3 of all such carriers.

4           5. The rate for other counties must be determined by  
5 using the weighted average of each carrier's county factor  
6 relationship to the county determined in subparagraph 4.

7           6. The rate schedule must be determined for different  
8 age brackets and family size brackets.

9           (4) EFFECTIVE DATE OF COVERAGE.--The effective date of  
10 the converted policy shall be the day following the  
11 termination of insurance under the group policy.

12           (5) SCOPE OF COVERAGE.--The converted policy shall  
13 cover the employee or member and his or her dependents who  
14 were covered by the group policy on the date of termination of  
15 insurance. At the option of the insurer, a separate converted  
16 policy may be issued to cover any dependent.

17           (6) OPTIONAL COVERAGE.--The insurer shall not be  
18 required to issue a converted policy covering any person who  
19 is or could be covered by Medicare. The insurer shall not be  
20 required to issue a converted policy covering a person if  
21 paragraphs (a) and (b) apply to the person:

22           (a) If any of the following apply to the person:

23           1. The person is covered for similar benefits by  
24 another hospital, surgical, medical, or major medical expense  
25 insurance policy or hospital or medical service subscriber  
26 contract or medical practice or other prepayment plan, or by  
27 any other plan or program.

28           2. The person is eligible for similar benefits,  
29 whether or not actually provided coverage, under any  
30 arrangement of coverage for individuals in a group, whether on  
31 an insured or uninsured basis.

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1           3. Similar benefits are provided for or are available  
2 to the person under any state or federal law.

3           (b) If the benefits provided under the sources  
4 referred to in subparagraph (a)1. or the benefits provided or  
5 available under the sources referred to in subparagraphs (a)2.  
6 and 3., together with the benefits provided by the converted  
7 policy, would result in overinsurance according to the  
8 insurer's standards. The insurer's standards must bear some  
9 reasonable relationship to actual health care costs in the  
10 area in which the insured lives at the time of conversion and  
11 must be filed with the department prior to their use in  
12 denying coverage.

13           (7) INFORMATION REQUESTED BY INSURER.--

14           (a) A converted policy may include a provision under  
15 which the insurer may request information, in advance of any  
16 premium due date, of any person covered thereunder as to  
17 whether:

18           1. The person is covered for similar benefits by  
19 another hospital, surgical, medical, or major medical expense  
20 insurance policy or hospital or medical service subscriber  
21 contract or medical practice or other prepayment plan or by  
22 any other plan or program.

23           2. The person is covered for similar benefits under  
24 any arrangement of coverage for individuals in a group,  
25 whether on an insured or uninsured basis.

26           3. Similar benefits are provided for or are available  
27 to the person under any state or federal law.

28           (b) The converted policy may provide that the insurer  
29 may refuse to renew the policy or the coverage of any person  
30 only for one or more of the following reasons:

31           1. Either the benefits provided under the sources

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1 referred to in subparagraphs (a)1. and 2. for the person or  
2 the benefits provided or available under the sources referred  
3 to in subparagraph (a)3. for the person, together with the  
4 benefits provided by the converted policy, would result in  
5 overinsurance according to the insurer's standards on file  
6 with the department.

7 2. The converted policyholder fails to provide the  
8 information requested pursuant to paragraph (a).

9 3. Fraud or intentional misrepresentation in applying  
10 for any benefits under the converted policy.

11 4. Other reasons approved by the department.

12 (8) BENEFITS OFFERED.--

13 (a) An insurer shall not be required to issue a  
14 converted policy that provides benefits in excess of those  
15 provided under the group policy from which conversion is made.

16 (b) An insurer shall offer the benefits specified in  
17 s. 627.668 and the benefits specified in s. 627.669 if those  
18 benefits were provided in the group plan.

19 (c) An insurer shall offer maternity benefits and  
20 dental benefits if those benefits were provided in the group  
21 plan.

22 (9) PREEXISTING CONDITION PROVISION.--The converted  
23 policy shall not exclude a preexisting condition not excluded  
24 by the group policy. However, the converted policy may provide  
25 that any hospital, surgical, or medical benefits payable under  
26 the converted policy may be reduced by the amount of any such  
27 benefits payable under the group policy after the termination  
28 of covered under the group policy. The converted policy may  
29 also provide that during the first policy year the benefits  
30 payable under the converted policy, together with the benefits  
31 payable under the group policy, shall not exceed those that

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1 would have been payable had the individual's insurance under  
2 the group policy remained in force.

3 (10) REQUIRED OPTION FOR MAJOR MEDICAL  
4 COVERAGE.--Subject to the provisions and conditions of this  
5 part, the employee or member shall be entitled to obtain a  
6 converted policy providing major medical coverage under a plan  
7 meeting the following requirements:

8 (a) A maximum benefit equal to the lesser of the  
9 policy limit of the group policy from which the individual  
10 converted or \$500,000 per covered person for all covered  
11 medical expenses incurred during the covered person's  
12 lifetime.

13 (b) Payment of benefits at the rate of 80 percent of  
14 covered medical expenses which are in excess of the  
15 deductible, until 20 percent of such expenses in a benefit  
16 period reaches \$2,000, after which benefits will be paid at  
17 the rate of 90 percent during the remainder of the contract  
18 year unless the insured is in the insurer's case management  
19 program, in which case benefits shall be paid at the rate of  
20 100 percent during the remainder of the contract year. For  
21 the purposes of this paragraph, "case management program"  
22 means the specific supervision and management of the medical  
23 care provided or prescribed for a specific individual, which  
24 may include the use of health care providers designated by the  
25 insurer. Payment of benefits for outpatient treatment of  
26 mental illness, if provided in the converted policy, may be at  
27 a lesser rate but not less than 50 percent.

28 (c) A deductible for each calendar year that must be  
29 \$500, \$1,000, or \$2,000, at the option of the policyholder.

30 (d) The term "covered medical expenses," as used in  
31 this subsection, shall be consistent with those customarily



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1 offered by the insurer under group or individual health  
2 insurance policies but is not required to be identical to the  
3 covered medical expenses provided in the group policy from  
4 which the individual converted.

5 (11) ALTERNATIVE PLANS.--The insurer shall, in  
6 addition to the option required by subsection (10), offer the  
7 standard health benefit plan, as established pursuant to s.  
8 627.6699(12). The insurer may, at its option, also offer  
9 alternative plans for group health conversion in addition to  
10 the plans required by this section.

11 (12) RETIREMENT COVERAGE.--If coverage would be  
12 continued under the group policy on an employee following the  
13 employee's retirement prior to the time he or she is or could  
14 be covered by Medicare, the employee may elect, instead of  
15 such continuation of group insurance, to have the same  
16 conversion rights as would apply had his or her insurance  
17 terminated at retirement by reason or termination of  
18 employment or membership.

19 (13) REDUCTION OF COVERAGE DUE TO MEDICARE.--The  
20 converted policy may provide for reduction of coverage on any  
21 person upon his or her eligibility for coverage under Medicare  
22 or under any other state or federal law providing for benefits  
23 similar to those provided by the converted policy.

24 (14) CONVERSION PRIVILEGE ALLOWED.--The conversion  
25 privilege shall also be available to any of the following:

26 (a) The surviving spouse, if any, at the death of the  
27 employee or member, with respect to the spouse and the  
28 children whose coverages under the group policy terminate by  
29 reason of the death, otherwise to each surviving child whose  
30 coverage under the group policy terminates by reason of such  
31 death, or, if the group policy provides for continuation of

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1 dependents' coverages following the employee's or member's  
2 death, at the end of such continuation.

3 (b) The former spouse whose coverage would otherwise  
4 terminate because of annulment or dissolution of marriage, if  
5 the former spouse is dependent for financial support.

6 (c) The spouse of the employee or member upon  
7 termination of coverage of the spouse, while the employee or  
8 member remains insured under the group policy, by reason of  
9 ceasing to be a qualified family member under the group  
10 policy, with respect to the spouse and the children whose  
11 coverages under the group policy terminate at the same time.

12 (d) A child solely with respect to himself or herself  
13 upon termination of his or her coverage by reason of ceasing  
14 to be a qualified family member under the group policy, if a  
15 conversion privilege is not otherwise provided in this  
16 subsection with respect to such termination.

17 (15) BENEFIT LEVELS.--If the benefit levels required  
18 in subsection (10) exceed the benefit levels provided under  
19 the group policy, the conversion policy may offer benefits  
20 which are substantially similar to those provided under the  
21 group policy in lieu of those required in subsection (10).

22 (16) GROUP COVERAGE INSTEAD OF INDIVIDUAL  
23 COVERAGE.--The insurer may elect to provide group insurance  
24 coverage instead of issuing a converted individual policy.

25 (17) NOTIFICATION.--A notification of the conversion  
26 privilege shall be included in each certificate of coverage.  
27 The insurer shall mail an election and premium notice form,  
28 including an outline of coverage, on a form approved by the  
29 department, within 14 days after an individual who is eligible  
30 for a converted policy gives notice to the insurer that the  
31 individual is considering applying for the converted policy or

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1 otherwise requests such information. The outline of coverage  
2 must contain a description of the principal benefits and  
3 coverage provided by the policy and its principal exclusions  
4 and limitations, including, but not limited to, deductibles  
5 and coinsurance.

6 (18) OUTSIDE CONVERSIONS.--A converted policy that is  
7 delivered outside of this state must be on a form that could  
8 be delivered in the other jurisdiction as a converted policy  
9 had the group policy been issued in that jurisdiction.

10 (19) APPLICABILITY.--This section does not require  
11 conversion on termination of eligibility for a policy or  
12 contract that provides benefits for specified diseases, or for  
13 accidental injuries only, disability income, Medicare  
14 supplement, hospital indemnity, limited benefit,  
15 nonconventional, or excess policies.

16 (20) Nothing in this section or in the incorporation  
17 of it into insurance policies shall be construed to require  
18 insurers to provide benefits equal to those provided in the  
19 group policy from which the individual converted, provided,  
20 however, that comprehensive benefits are offered which shall  
21 be subject to approval by the Insurance Commissioner.

22 Section 12. Section 641.3108, Florida Statutes, is  
23 amended to read:

24 641.3108 Notice of cancellation of contract.--

25 (1) Except for nonpayment of premium or termination of  
26 eligibility, no health maintenance organization may cancel or  
27 otherwise terminate or fail to renew a health maintenance  
28 contract without giving the subscriber at least 45 days'  
29 notice in writing of the cancellation, termination, or  
30 nonrenewal of the contract. The written notice shall state the  
31 reason or reasons for the cancellation, termination, or

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1 nonrenewal. All health maintenance contracts shall contain a  
 2 clause which requires that this notice be given.

3 (2) If cancellation is due to nonpayment of premium,  
 4 the health maintenance organization may not retroactively  
 5 cancel the contract to a date prior to the date that notice of  
 6 cancellation was provided to the subscriber unless the  
 7 organization mails notice of cancellation to the subscriber  
 8 prior to 45 days after the date the premium was due. Such  
 9 notice must be mailed to the subscriber's last address as  
 10 shown by the records of the organization and may provide for a  
 11 retroactive date of cancellation no earlier than midnight of  
 12 the date that the premium was due.

13 (3) In the case of a health maintenance contract  
 14 issued to an employer or person holding the contract on behalf  
 15 of the subscriber group, the health maintenance organization  
 16 may make the notification through the employer or group  
 17 contract holder, and, if the health maintenance organization  
 18 elects to take this action through the employer or group  
 19 contract holder, the organization shall be deemed to have  
 20 complied with the provisions of this section upon notifying  
 21 the employer or group contract holder of the requirements of  
 22 this section and requesting the employer or group contract  
 23 holder to forward to all subscribers the notice required  
 24 herein.

25 Section 13. Subsection (1) of section 641.3922,  
 26 Florida Statutes, 1998 Supplement, is amended to read:

27 641.3922 Conversion contracts; conditions.--Issuance  
 28 of a converted contract shall be subject to the following  
 29 conditions:

30 (1) TIME LIMIT.--Written application for the converted  
 31 contract shall be made and the first premium paid to the

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1 health maintenance organization not later than 63 days after  
2 such termination. However, if termination was the result of  
3 failure to pay any required premium or contribution and such  
4 nonpayment of premium was due to acts of an employer or group  
5 contract holder other than the employee or individual  
6 subscriber, written application for the contract must be made  
7 and the first premium must be paid not later than 63 days  
8 after notice of termination is mailed by the organization or  
9 the employer, whichever is earlier, to the employee's or  
10 individual's last address as shown by the record of the  
11 organization or the employer, whichever is applicable. In such  
12 case of termination due to non-payment of premium by the  
13 employer or group contract holder, the premium for the  
14 converted contract may not exceed the rate for the prior group  
15 coverage for the period of coverage under the converted  
16 contract prior to the date notice of termination is mailed to  
17 the employee or individual subscriber. For the period of  
18 coverage after such date, the premium for the converted  
19 contract is subject to the requirements of subsection (3).

20  
21 (Redesignate subsequent sections.)

22  
23  
24 ===== T I T L E A M E N D M E N T =====

25 And the title is amended as follows:

26 On page 1, line 15, after the semicolon

27  
28 insert:

29 amending s. 627.6645, F.S.; revising the notice  
30 requirements for cancellation or nonrenewal of  
31 a group health insurance policy; specifying

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1 conditions under which the insurer may  
2 retroactively cancel coverage due to nonpayment  
3 of premium; amending s. 627.6675, F.S.;  
4 revising the time limits for an employee or  
5 group member to apply for an individual  
6 converted policy when termination of group  
7 coverage is due to failure of the employer to  
8 pay the premium; revising the requirements for  
9 the premium for the converted policy; allowing  
10 a group insurer to contract with another  
11 insurer to issue an individual converted policy  
12 under certain conditions; amending s. 641.3108,  
13 F.S.; revising the notice requirements for  
14 cancellation or nonrenewal of a health  
15 maintenance organization contract; specifying  
16 conditions under which the organization may  
17 retroactively cancel coverage due to nonpayment  
18 of premium; amending s. 641.3922, F.S.;  
19 revising the time limits for an employee or  
20 group member to apply for a converted contract  
21 from a health maintenance organization when  
22 termination of group coverage is due to failure  
23 of the employer to pay the premium; revising  
24 the requirements for the premium for the  
25 converted contract;

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