

By Senator Lee

23-474A-99

1 A bill to be entitled
 2 An act relating to health insurance; amending
 3 s. 627.6645, F.S.; revising the notice
 4 requirements for cancellation or nonrenewal of
 5 a group health insurance policy; requiring the
 6 insurer to provide written notice of
 7 cancellation or nonrenewal to each
 8 certificateholder under certain circumstances;
 9 providing an exception; requiring the notice to
 10 state the reason for cancellation or
 11 nonrenewal; amending s. 641.3108, F.S.;
 12 revising the notice requirements for
 13 cancellation or nonrenewal of a health
 14 maintenance organization contract; requiring
 15 the organization to provide notice to each
 16 subscriber under certain circumstances;
 17 providing for continuation of coverage in the
 18 event of failure to provide required notice;
 19 providing an effective date.

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

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 23 Section 1. Section 627.6645, Florida Statutes, is
 24 amended to read:

25 627.6645 Notification of cancellation, expiration,
 26 nonrenewal, or change in rates.--

27 (1) Each ~~Every~~ insurer delivering or issuing for
 28 delivery a group health insurance policy under ~~the provisions~~
 29 ~~of this part~~ must ~~shall~~ give the policyholder and each
 30 certificateholder at least 45 days' advance written notice of
 31 cancellation, expiration, or nonrenewal, ~~or a change in rates.~~

1 The insurer must give the policyholder at least 45 days'
2 notice prior to a change in rates.Such notice ~~must shall~~ be
3 mailed to the policyholder's and each certificateholder's last
4 address as shown by the records of the insurer. However, if
5 cancellation is for nonpayment of premium, the insurer must
6 give the policyholder and each certificateholder at least 20
7 days' written notice prior to cancellation. If cancellation is
8 due to termination of eligibility of a certificateholder,the
9 requirements of this section ~~do shall~~ not apply. The written
10 notice must state the reason for the cancellation or
11 nonrenewal.~~Upon receipt of such notice, the policyholder~~
12 ~~shall forward, as soon as practicable, the notice of~~
13 ~~expiration, cancellation, or nonrenewal to each~~
14 ~~certificateholder covered under the policy.~~

15 (2) ~~if~~ An insurer who bills any certificateholder
16 directly at his or her home address for collection of any
17 premiums due must providethe notice of a change in rate
18 which is required by subsection (1) ~~shall be provided by the~~
19 ~~insurer~~ directly to each such certificateholder covered under
20 the policy.

21 (3) If the insurer fails to provide the 45 days'
22 notice or the 20 days' notice required by this section, the
23 coverage shall remain in effect at the existing rates until 45
24 days or 20 days, whichever is applicable,after the notice is
25 given or until the effective date of replacement coverage
26 obtained by the insured, whichever occurs first.

27 (4) In the event of cancellation, the insurer must
28 return promptly the unearned portion of any premium paid. If
29 the insured cancels, the earned premium shall be computed by
30 the use of the short-rate table last filed with the state
31 official having supervision of insurance in the state where

1 the insured resided when the policy was issued. If the
2 insurer cancels, the earned premium shall be computed pro
3 rata. Cancellation shall be without prejudice to any claim
4 originating prior to the effective date of cancellation.

5 Section 2. Section 641.3108, Florida Statutes, is
6 amended to read:

7 641.3108 Notice of cancellation of contract.--

8 (1) Except for ~~nonpayment of premium or~~ termination of
9 eligibility, a ~~no~~ health maintenance organization may not
10 cancel or otherwise terminate or fail to renew a health
11 maintenance contract without giving the subscriber at least 45
12 days' notice in writing of the cancellation, termination, or
13 nonrenewal of the contract. The insurer must also give the
14 policyholder at least 45 days' notice prior to a change in
15 rates. If cancellation is due to nonpayment of premium, the
16 organization must give the subscriber at least 20 days'
17 written notice prior to cancellation.The written notice must
18 ~~shall~~ state the ~~reason or~~ reasons for the cancellation,
19 termination, or nonrenewal. All health maintenance contracts
20 must shall contain a clause requiring ~~which requires~~ that this
21 notice be given. ~~In the case of a health maintenance contract~~
22 ~~issued to an employer or person holding the contract on behalf~~
23 ~~of the subscriber group, the health maintenance organization~~
24 ~~may make the notification through the employer or group~~
25 ~~contract holder, and, if the health maintenance organization~~
26 ~~elects to take this action through the employer or group~~
27 ~~contract holder, the organization shall be deemed to have~~
28 ~~complied with the provisions of this section upon notifying~~
29 ~~the employer or group contract holder of the requirements of~~
30 ~~this section and requesting the employer or group contract~~

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1 ~~holder to forward to all subscribers the notice required~~
2 ~~herein.~~

3 (2) If the health maintenance organization fails to
4 provide the 45 days' notice or the 20 days' notice as required
5 by this section, the coverage shall remain in effect at the
6 existing rates until 45 days or 20 days, whichever is
7 applicable, after the notice is given or until the effective
8 date of replacement coverage obtained by the subscriber,
9 whichever occurs first.

10 Section 3. This act shall take effect October 1, 1999,
11 and shall apply to policies and contracts issued or renewed on
12 or after that date.

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15 SENATE SUMMARY

16 Revises the notice requirements for cancellation or
17 nonrenewal of group health insurance policies and health
18 maintenance organization contracts. Requires an insurer
19 to provide written notice of cancellation or nonrenewal
20 to each certificateholder or subscriber under certain
21 circumstances. Requires that the notice state the reason
22 for cancellation or nonrenewal of policies. Provides for
23 the continuation of coverage under a health maintenance
24 contract if notice is not provided.
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