

Bill No. HB 1361, 1st Eng.

Barcode 763458

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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Senator Posey moved the following amendment:

Senate Amendment (with title amendment)

Lines 49-169, delete those lines

and insert:

Section 2. Subsection (3) is added to section 627.642, Florida Statutes, to read:

<A NAME="PageLine19 627.642 Outline of coverage.--

(3) In addition to the outline of coverage, a policy as specified in s. 627.6699(3)(k) must be accompanied by an identification card that contains, at a minimum:

(a) The name of the organization issuing the policy or the name of the organization administering the policy, whichever applies.

(b) The name of the contract holder.

(c) The type of plan only if the plan is filed in the state, an indication that the plan is self-funded, or the name of the network.

(d) The member identification number, contract number, and policy or group number, if applicable.

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1 (e) A contact phone number or electronic address for
2 authorizations.

3 (f) A phone number or electronic address whereby the
4 covered person or hospital, physician, or other person
5 rendering services covered by the policy may determine if the
6 plan is insured and may obtain a benefits verification in
7 order to estimate patient financial responsibility, in
8 compliance with privacy rules under the Health Insurance
9 Portability and Accountability Act.

10 (g) The national plan identifier, in accordance with
11 the compliance date set forth by the federal Department of
12 Health and Human Services.

13
14 The identification card must present the information in a
15 readily identifiable manner or, alternatively, the information
16 may be embedded on the card and available through magnetic
17 stripe or smart card. The information may also be provided
18 through other electronic technology.

19 Section 3. Subsection (3) of section 627.553, Florida
20 Statutes, is amended to read:

21 627.553 Debtor groups.--The lives of a group of
22 individuals may be insured under a policy issued to a creditor
23 or its parent holding company, or to a trustee or trustees or
24 agent designated by two or more creditors, which creditor,
25 holding company, affiliate, trustee or trustees, or agent
26 shall be deemed the policyholder, to insure debtors of the
27 creditor or creditors, subject to the following requirements:

28 (3) The amount of insurance on the life of any debtor
29 shall at no time exceed the amount owed by her or him which is
30 repayable in installments to the creditor ~~or \$50,000,~~
31 ~~whichever is less, except that loans not exceeding 1 year's~~

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1 ~~duration shall not be subject to such limits. However, on such~~
2 ~~loans not exceeding 1 year's duration, the limit of coverage~~
3 ~~shall not exceed \$50,000 with any one insurer.~~

4 Section 4. Present subsection (2) of section 627.657,
5 Florida Statutes, is renumbered as subsection (3), and a new
6 subsection (2) is added to that section, to read:

7 627.657 Provisions of group health insurance
8 policies.--

9 (2) The medical policy as specified in s.
10 627.6699(3)(k) must be accompanied by an identification card
11 that contains, at a minimum:

12 (a) The name of the organization issuing the policy or
13 name of the organization administering the policy, whichever
14 applies.

15 (b) The name of the certificateholder.

16 (c) The type of plan only if the plan is filed in the
17 state, an indication that the plan is self-funded, or the name
18 of the network.

19 (d) The member identification number, contract number,
20 and policy or group number, if applicable.

21 (e) A contact phone number or electronic address for
22 authorizations.

23 (f) A phone number or electronic address whereby the
24 covered person or hospital, physician, or other person
25 rendering services covered by the policy may determine if the
26 plan is insured and may obtain a benefits verification in
27 order to estimate patient financial responsibility, in
28 compliance with privacy rules under the Health Insurance
29 Portability and Accountability Act.

30 (g) The national plan identifier, in accordance with
31 the compliance date set forth by the federal Department of

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1 Health and Human Services.

2

3 The identification card must present the information in a
4 readily identifiable manner or, alternatively, the information
5 may be embedded on the card and available through magnetic
6 stripe or smart card. The information may also be provided
7 through other electronic technology.

8 Section 5. Paragraph (b) of subsection (1) of section
9 627.679, Florida Statutes, is amended to read:

10 627.679 Amount of insurance; disclosure.--

11 (1)

12 (b) The total amount of credit life insurance on the
13 life of any debtor with respect to any loan or loans covered
14 in one or more insurance policies shall at no time exceed the
15 amount of the indebtedness \$50,000 with any one creditor,
16 ~~except that loans not exceeding 1 year's duration shall not be~~
17 ~~subject to such limits, and on such loans not exceeding 1~~
18 ~~year's duration, the limits of coverage shall not exceed~~
19 ~~\$50,000 with any one insurer.~~

20 Section 6. Subsection (2) of section 627.681, Florida
21 Statutes, is amended to read:

22 627.681 Term and evidence of insurance.--

23 (2) The term of credit disability insurance on any
24 debtor insured under this section shall not exceed the term of
25 indebtedness 10 years, and for credit transactions that exceed
26 60 months, coverage shall not exceed 60 monthly indemnities.

27 Section 7. Section 627.902, Florida Statutes, is
28 amended to read:

29 627.902 Premium financing by an insurer or
30 subsidiary.--

31 (1) An insurer, a subsidiary of an insurer, or a

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1 corporation under substantially the same management or control
 2 as an authorized insurer or group of authorized insurers may
 3 finance property, casualty, surety, and marine insurance
 4 premiums on policies issued or business produced by such
 5 insurer or insurers; however, any such insurer, subsidiary, or
 6 corporation or group of insurers that charges a total service
 7 charge per year or rate of interest which is substantially
 8 more than that provided in s. 627.901 shall be subject to part
 9 XV of this chapter. Notwithstanding any other provision of
 10 law, an insurer, a subsidiary of an insurer, or a corporation
 11 under substantially the same management or control as an
 12 authorized insurer or group of authorized insurers may charge
 13 one-half of the additional charge provided in s. 627.840, and
 14 the charges provided in s. 627.841.

15 (2) Nothing in this part or in part XV shall disallow
 16 or otherwise apply to a discount for those who pay the entire
 17 premium for the entire policy term at the inception of the
 18 term if the discount is found to be actuarially justified by
 19 the office and approved by the office pursuant to the
 20 provisions of part I of this chapter. Such actuarially
 21 justified and approved discount shall not be deemed a
 22 component of or related to premium financing.

23 Section 8. Section 628.511, Florida Statutes, is
 24 amended to read:

25 628.511 Clearing corporations ~~Book entry accounting~~
 26 ~~system.--~~

27 (1) The purpose of this section is to authorize
 28 domestic insurers to utilize modern systems for holding and
 29 transferring securities without physical delivery of
 30 securities certificates, subject to appropriate rules of the
 31 commission.

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1 (2) The following terms are defined for use in this
2 section:

3 (a) "Securities" means instruments as defined in s.
4 678.1021.

5 (b) "Clearing corporation" means a clearing
6 corporation as defined in s. 678.1021. The term "clearing
7 corporation" also includes "treasury/reserve automated debt
8 entry securities system" and "treasury direct" book-entry
9 securities systems as established pursuant to 31 U.S.C. ss.
10 3100 et seq., 12 U.S.C. 391 and 5 U.S.C. 301.

11 (c) "Custodian" ~~"Direct participant"~~ means a national
12 bank, state bank or trust company, or broker or dealer that
13 ~~which maintains an account in its name in a clearing~~
14 ~~corporation and through which an insurance company~~
15 participates in a clearing corporation.

16 ~~(d) "Federal Reserve book entry system" means the~~
17 ~~computerized systems sponsored by the United States Department~~
18 ~~of the Treasury and agencies and instrumentalities of the~~
19 ~~United States for holding and transferring securities of the~~
20 ~~United States Government and such agencies and~~
21 ~~instrumentalities, respectively, in Federal Reserve banks~~
22 ~~through banks which are members of the Federal Reserve System~~
23 ~~or which otherwise have access to such computerized systems.~~

24 ~~(e) "Member bank" means a national bank, state bank or~~
25 ~~trust company which is a member of the Federal Reserve System~~
26 ~~and through which an insurer participates in the Federal~~
27 ~~Reserve book entry system.~~

28 (3) Notwithstanding any other provision of law, a
29 domestic insurer may deposit or arrange for the deposit of
30 securities held in or purchased for its general account and
31 its separate accounts in a clearing corporation ~~or in the~~

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1 ~~Federal Reserve book-entry system.~~ When securities are
2 deposited with a clearing corporation, certificates
3 representing securities of the same class of the same issuer
4 may be merged and held in bulk in the name of the nominee of
5 such clearing corporation with any other securities deposited
6 with such clearing corporation by any person, regardless of
7 the ownership of such securities, and certificates
8 representing securities of small denominations may be merged
9 into one or more certificates of larger denominations. The
10 records of any custodian bank through which an insurer holds
11 securities ~~in the Federal Reserve book-entry system, and the~~
12 ~~records of any custodian banks through which an insurer holds~~
13 ~~securities~~ in a clearing corporation ~~7~~ shall at all times show
14 that such securities are held for such insurer and for which
15 accounts thereof. Ownership of, and other interests in, such
16 securities may be transferred by bookkeeping entry on the
17 books of such clearing corporation ~~or in the Federal Reserve~~
18 ~~book-entry system without, in either case,~~ physical delivery
19 of certificates representing such securities.

20 (4) The commission may adopt rules governing the
21 deposit by insurers of securities with clearing corporations
22 ~~and in the Federal Reserve book-entry system.~~

23 Section 9. Paragraph (i) of subsection (2) of section
24 636.204, Florida Statutes, is amended to read:

25 636.204 License required.--

26 (2) An application for a license to operate as a
27 discount medical plan organization must be filed with the
28 office on a form prescribed by the commission. Such
29 application must be sworn to by an officer or authorized
30 representative of the applicant and be accompanied by the
31 following, if applicable:

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1 (i) A copy of the applicant's most recent financial
 2 statements audited by an independent certified public
 3 accountant. An applicant that is a subsidiary of a parent
 4 entity that is publicly traded and that prepares audited
 5 financial statements reflecting the consolidated operations of
 6 the parent entity and the subsidiary may submit ~~petition the~~
 7 ~~office to accept~~, in lieu of the audited financial statement
 8 of the applicant, the audited financial statement of the
 9 parent entity and a written guaranty by the parent entity that
 10 the minimum capital requirements of the applicant required by
 11 this part will be met by the parent entity.

12 Section 10. Subsection (1) of section 636.206, Florida
 13 Statutes, is amended to read:

14 636.206 Examinations and investigations.--

15 (1) The office may examine or investigate the business
 16 and affairs of any discount medical plan organization if the
 17 commissioner has reason to believe that the discount medical
 18 plan organization is not complying with requirements of this
 19 chapter. The office may order any discount medical plan
 20 organization or applicant to produce any records, books,
 21 files, advertising and solicitation materials, or other
 22 information and may take statements under oath to determine
 23 whether the discount medical plan organization or applicant is
 24 in violation of the law or is acting contrary to the public
 25 interest. The expenses incurred in conducting any examination
 26 or investigation must be paid by the discount medical plan
 27 organization or applicant. Examinations and investigations
 28 must be conducted as provided in chapter 624.

29 Section 11. Subsection (1) of section 636.210, Florida
 30 Statutes, is amended to read:

31 636.210 Prohibited activities of a discount medical

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1 plan organization.--

2 (1) A discount medical plan organization may not:

3 (a) Use in its advertisements, marketing material,
4 brochures, and discount cards the term "insurance" except as
5 otherwise provided in this part or as a disclaimer of any
6 relationship between discount medical plan organization
7 benefits and insurance;

8 (b) Use in its advertisements, marketing material,
9 brochures, and discount cards the terms "health plan,"
10 "coverage," "copay," "copayments," "preexisting conditions,"
11 "guaranteed issue," "premium," "PPO," "preferred provider
12 organization," or other terms in a manner that could
13 reasonably mislead a person into believing the discount
14 medical plan was health insurance;

15 (c) Have restrictions on free access to plan
16 providers, except for hospital services, including, but not
17 limited to, waiting periods and notification periods; or

18 (d) Pay providers any fees for medical services.

19 Section 12. Subsection (1) of section 636.216, Florida
20 Statutes, is amended to read:

21 636.216 Charge or form filings.--

22 (1) All charges to members must be filed with the
23 office and any charge to members greater than \$30 per month or
24 \$360 per year for access to health care services other than
25 those provided by physicians licensed under chapter 458 or
26 chapter 459 or by hospitals licensed under chapter 395 must be
27 approved by the office before the charges can be used. Any
28 charge to members greater than \$60 per month or \$720 per year
29 for health care services that include services provided by
30 physicians licensed under chapter 458 or chapter 459 or by
31 hospitals licensed under chapter 395 must be approved by the

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1 office before the charges can be used. The discount medical
2 plan organization has the burden of proof that the charges
3 bear a reasonable relation to the benefits received by the
4 member.

5 Section 13. Subsection (2) of section 636.218, Florida
6 Statutes, is amended to read:

7 636.218 Annual reports.--

8 (2) Such reports must be on forms prescribed by the
9 commission and must include:

10 ~~(a) Audited financial statements prepared in~~
11 ~~accordance with generally accepted accounting principles~~
12 ~~certified by an independent certified public accountant,~~
13 ~~including the organization's balance sheet, income statement,~~
14 ~~and statement of changes in cash flow for the preceding year.~~
15 ~~An organization that is a subsidiary of a parent entity that~~
16 ~~is publicly traded and that prepares audited financial~~
17 ~~statements reflecting the consolidated operations of the~~
18 ~~parent entity and the organization may petition the office to~~
19 ~~accept, in lieu of the audited financial statement of the~~
20 ~~organization, the audited financial statement of the parent~~
21 ~~entity and a written guaranty by the parent entity that the~~
22 ~~minimum capital requirements of the organization required by~~
23 ~~this part will be met by the parent entity.~~

24 ~~(a)(b)~~ If different from the initial application or
25 the last annual report, a list of the names and residence
26 addresses of all persons responsible for the conduct of the
27 organization's affairs, together with a disclosure of the
28 extent and nature of any contracts or arrangements between
29 such persons and the discount medical plan organization,
30 including any possible conflicts of interest.

31 ~~(b)(c)~~ The number of discount medical plan members in

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1 the state.

2 (c)(d) Such other information relating to the
3 performance of the discount medical plan organization as is
4 reasonably required by the commission or office.

5 Section 14. Subsection (1) of section 636.220, Florida
6 Statutes, is amended to read:

7 636.220 Minimum capital requirements.--

8 (1) Each discount medical plan organization must at
9 all times maintain a net worth of at least \$150,000.

10 (2) The office may not issue a license unless the
11 discount medical plan organization has a net worth of at least
12 \$150,000, and each discount medical plan organization shall
13 certify in writing under oath at the time of licensure and
14 annually thereafter that the minimum capitalization
15 requirements of this part are satisfied.

16 Section 15. Section 636.230, Florida Statutes, is
17 amended to read:

18 636.230 Bundling discount medical plans with insurance
19 ~~other~~ products.--When a marketer or discount medical plan
20 organization sells a discount medical plan together with any
21 insurance ~~other~~ product, the fees for the discount medical
22 plan must be provided in writing to the member if the fees
23 exceed \$30 per month for access to health care services other
24 than those provided by physicians licensed under chapter 458
25 or chapter 459, or by hospitals licensed under chapter 395, or
26 \$60 per month for health care services that include services
27 provided by physicians licensed under chapter 458 or chapter
28 459 or by hospitals licensed under chapter 395.

29 Section 16. Present subsections (5) through (40) of
30 section 641.31, Florida Statutes, are renumbered as
31 subsections (6) through (41), respectively, and a new

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1 subsection (5) is added to that section, to read:

2 641.31 Health maintenance contracts.--

3 (5) The contract, certificate, or member handbook must
4 be accompanied by an identification card that contains, at a
5 minimum:

6 (a) The name of the organization offering the contract
7 or name of the organization administering the contract,
8 whichever applies.

9 (b) The name of the subscriber.

10 (c) A statement that the health plan is a health
11 maintenance organization. Only a health plan with a
12 certificate of authority issued under this chapter may be
13 identified as a health maintenance organization.

14 (d) The member identification number, contract number,
15 and group number, if applicable.

16 (e) A contact phone number or electronic address for
17 authorizations.

18 (f) A phone number or electronic address whereby the
19 covered person or hospital, physician, or other person
20 rendering services covered by the contract may determine if
21 the plan is insured and may obtain a benefits verification in
22 order to estimate patient financial responsibility, in
23 compliance with privacy rules under the Health Insurance
24 Portability and Accountability Act.

25 (g) The national plan identifier, in accordance with
26 the compliance date set forth by the federal Department of
27 Health and Human Services.

28
29 The identification card must present the information in a
30 readily identifiable manner or, alternatively, the information
31 may be embedded on the card and available through magnetic

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1 stripe or smart card. The information may also be provided
2 through other electronic technology.

3 Section 17. Section 655.947, Florida Statutes, is
4 created to read:

5 655.947 Debt cancellation products.--

6 (1) Debt cancellation products, including, but not
7 limited to, debt cancellation contracts, debt suspension
8 agreements, and guaranteed asset protection contracts, are
9 loan or lease contract terms, or modifications to loan or
10 lease contracts, under which a creditor agrees to cancel or
11 suspend all or part of a customer's obligation to make
12 payments upon the occurrence of specified events. Debt
13 cancellation products may be offered, and a fee charged, by
14 financial institutions and their subsidiaries subject to the
15 provisions of this section. As used in this section, the term
16 "financial institutions" includes those as defined in s.
17 655.005(1)(h) and insured depository institutions as defined
18 in 12 U.S.C. s. 1813.

19 (2) The commission shall adopt rules to administer
20 this section, which rules must be consistent with 12 C.F.R.
21 part 37, as amended.

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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 Lines 8-19, delete those lines

27

28 and insert:

29 constituting insurance; amending s. 627.642,
30 F.S.; requiring an identification card
31 containing specified information to be given to

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1 insureds who have health and accident
2 insurance; amending s. 627.553, F.S.; revising
3 certain limitations on certain amounts of life
4 insurance on a debtor; amending s. 627.657,
5 F.S.; requiring an identification card
6 containing specified information to be given to
7 insureds under group health insurance policies;
8 amending s. 627.679, F.S.; revising certain
9 limitations on certain amounts of life
10 insurance on a debtor; amending s. 627.681,
11 F.S.; revising a limitation on the term of
12 credit disability insurance; amending s.
13 627.902, F.S.; exempting certain lump-sum
14 premium payments from provisions relating to
15 premium financing; amending s. 628.511, F.S.;

16 revising the definitions of the terms "clearing
17 corporation" and "custodian"; deleting
18 definitions of the terms "book entry system"
19 and "member bank"; conforming changes; amending
20 s. 636.204, F.S.; revising the requirements for
21 an application to operate as a discount medical
22 plan organization; amending s. 636.206, F.S.;

23 authorizing the Office of Insurance Regulation
24 to examine the business affairs of a discount
25 medical plan organization under certain
26 conditions; amending s. 636.210, F.S.;

27 providing an exception to the prohibition of a
28 discount medical plan organization having
29 restrictions on free access to plan providers;
30 amending s. 636.216, F.S.; requiring certain
31 charges to members be approved by the office

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1 before the charges can be used; amending s.
2 636.218, F.S.; deleting certain requirements
3 for annual reports submitted to the office;
4 amending s. 636.230, F.S.; revising the minimum
5 capital requirements for discount medical plan
6 organizations; requiring a discount medical
7 plan to be provided in writing under certain
8 conditions; amending s. 641.31, F.S.; requiring
9 that an identification card be given to persons
10 receiving health care services through a health
11 maintenance contract; amending s. 655.947,
12 F.S.;

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