

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Banking and Insurance Committee

BILL: SB 2432

INTRODUCER: Senator Constantine

SUBJECT: Prepaid Limited Health Service Plans-Exempting sellers of travel from insurance licensing provisions

DATE: March 28, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Emrich	Deffenbaugh	BI	Favorable
2.	_____	_____	HE	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Senate Bill 2432 provides that a person registered as a seller of travel under s. 559.928, F.S., is not required to be licensed as a health insurance agent in order to sell prepaid limited health service insurance that covers the cost of transportation provided by an air ambulance service licensed under s. 401.251, F.S. However, the insurance policy for such coverage is subject to all applicable provisions pertaining to prepaid limited health service organizations under chapter 636, F.S.

This bill substantially amends the following section of the Florida Statutes: 636.044.

II. Present Situation:

Part I of Chapter 636, F.S., provides for the Office of Insurance Regulation (OIR) to license and regulate prepaid limited health service organizations (PLHSOs). These organizations are similar to health maintenance organizations, but are limited to the provision of the following services: ambulance, dental care, vision care, mental health, substance abuse, chiropractic care, podiatric care, and pharmaceutical services under s. 636.003(5), F.S. A PLHSO may not offer inpatient or surgical hospital services or emergency services, except as such services are incidental to a limited health service. PLHSO enrollees are under a prepayment arrangement (i.e., either a prepaid per capita sum or a prepaid aggregate fixed sum) and receive services from an exclusive panel of providers such as physicians, dentists, health providers or other persons or institutions which are licensed in Florida to deliver limited health services, as defined in s. 636.003(7), F.S.

According to representatives with the OIR, there are twenty-two authorized prepaid limited health services organizations which have received a certificate of authority to operate in Florida.

Under s. 636.44, F.S., only licensed and appointed health insurance agents may sell PLHSO contracts. Officials with the Department of Financial Services (DFS) state that the agency licenses approximately 4,620 health or life, health and variable annuity agents which have been appointed to offer prepaid limited health service organization contracts. Although requirements vary by line of authority, general requirements for agent licensure include being 18 years of age; submitting an application; paying required fees; satisfying pre-licensing examination requirements, when applicable; complying with requirements as to knowledge, experience, or instruction; and submitting fingerprints. Applicants for a resident agent license must be Florida residents. Once authorized, most lines of agents must take continuing education courses.¹

As provided under s. 636.005, F.S., PLHSOs must be incorporated, and they may be either a for-profit or not-for-profit corporation. Such an organization may be incorporated in a state other than Florida, if it maintains a certificate of authority or license in that state to provide the same services which it intends to provide in Florida at the time it applies for a certificate of authority from the OIR. Section 636.006, F.S., prohibits PLHSOs from transacting any insurance business, other than that specified under the act or under their certificate of authority.

Sellers of Travel

Under Part XI of Chapter 559, F.S., the Department of Agriculture and Consumer Services (DACS) is responsible for registering “sellers of travel” who are defined to mean any resident or nonresident who offers for sale, at wholesale or retail, prearranged travel or tour-guide services for individuals or groups.² Sellers of travel must annually register with the DACS, pay a fee of \$300 and receive a certificate evidencing proof of registration. If the seller of travel offers vacation certificates, the seller must obtain a performance bond not to exceed \$25,000.

Air Ambulance Services

Air ambulance services are regulated under Part III of Chapter 401, F.S., by the Department of Health (DOH). An “air ambulance” is defined to mean any fixed-wing or rotary-wing aircraft used for transporting sick or injured persons requiring, or likely to require, medical attention during transport.³ An “air ambulance service” means a publicly or privately owned service which is licensed by the DOH and which operates air ambulances to transport persons requiring medical attention during transport.⁴ To be licensed, an air ambulance service must apply to the DOH, pay fees, meet specified standards and obtain insurance. To be permitted by the department, each transport vehicle is required to meet specified safety standards, have an appropriate communication system, and be furnished with essential medical supplies and equipment.

III. Effect of Proposed Changes:

Section 1. Amends s. 636.044, F.S., relating to agent licensing with respect to prepaid limited health services contracts. The bill provides that a person registered as a seller of travel under

¹ Chapter 626, F.S.

² Section 559.928, F.S.

³ Section 401.23(3), F.S.

⁴ Section 401.23(4), F.S.

s. 559.928, F.S., is not required to be licensed as a health insurance agent in order to sell insurance that covers the cost of transportation provided by an air ambulance service licensed under s. 401.251, F.S. However, the insurance policy for such coverage is subject to all applicable provisions of chapter 636, F.S.

The effect of this provision allows any travel agent as opposed to a health insurance agent to sell a prepaid limited health service contract to any person to cover the cost of transportation provided by an air ambulance service. An individual's own health insurance may cover the cost of such transportation as well.

Section 2. Provides that the act shall take effect July 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Companies that provide air ambulance services will economically benefit by no longer being required to have travel agents licensed as health insurance agents in order to sell insurance coverage (or prepaid contracts) for this service. Travel agents will also benefit by this change. An individual who purchases this product may be buying duplicate coverage as his or her own current health insurance may cover air ambulance transportation services.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

The terms in the bill referring to “insurance” should be changed to “prepaid limited health service contracts.”

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill’s introducer or the Florida Senate.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
