

By Senator Lynn

7-84-06

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A bill to be entitled

An act relating to providers of community mental health services or substance abuse treatment; amending s. 624.462, F.S.; authorizing certain nonprofit providers of community mental health services or substance abuse treatment to form a commercial self-insurance fund; providing an effective date.

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

Section 1. Subsections (2) and (3) of section 624.462, Florida Statutes, are amended to read:

624.462 Commercial self-insurance funds.--

(2) As used in ss. 624.460-624.488, "commercial self-insurance fund" or "fund" means a group of members, operating individually and collectively through a trust or corporation, which ~~that~~ must be:

(a) Established by:

1. A not-for-profit trade association, industry association, or professional association of employers or professionals which has a constitution or bylaws, which is incorporated under the laws of this state, and which has been organized for purposes other than that of obtaining or providing insurance and operated in good faith for a continuous period of 1 year;

2. Any two or more nonprofit providers of community mental health services or substance abuse treatment services which are members in good standing of nonprofit statewide associations that have been in existence for at least 10 years

1 and are comprised of at least 50 community-based mental health
2 and substance abuse treatment agencies that are primarily
3 publicly funded and located in this state;

4 ~~3.2.~~ A self-insurance trust fund organized pursuant to
5 s. 627.357 and maintained in good faith for a continuous
6 period of 1 year for purposes other than that of obtaining or
7 providing insurance pursuant to this section. Each member of
8 a commercial self-insurance trust fund established pursuant to
9 this subsection must maintain membership in the self-insurance
10 trust fund organized pursuant to s. 627.357;

11 ~~4.3.~~ A group of 10 or more health care providers, as
12 defined in s. 627.351(4)(h), for purposes of providing medical
13 malpractice coverage; or

14 ~~5.4.~~ A not-for-profit group comprised of no less than
15 10 condominium associations as defined in s. 718.103(2), which
16 is incorporated under the laws of this state, which restricts
17 its membership to condominium associations only, and which has
18 been organized and maintained in good faith for a continuous
19 period of 1 year for purposes other than that of obtaining or
20 providing insurance.

21 (b)1. In the case of funds established pursuant to
22 subparagraph ~~(a)3.(a)2.~~ or subparagraph ~~(a)5.(a)4.~~, operated
23 pursuant to a trust agreement by a board of trustees which
24 shall have complete fiscal control over the fund and which
25 shall be responsible for all operations of the fund. The
26 majority of the trustees shall be owners, partners, officers,
27 directors, or employees of one or more members of the fund.
28 The trustees shall have the authority to approve applications
29 of members for participation in the fund and to contract with
30 an authorized administrator or servicing company to administer
31 the day-to-day affairs of the fund.

1 2. In the case of funds established pursuant to
2 subparagraph (a)1., subparagraph (a)2., or subparagraph(a)4.
3 ~~(a)3.~~, operated pursuant to a trust agreement by a board of
4 trustees or as a corporation by a board of directors which
5 board shall:
6 a. Be responsible to members of the fund or
7 beneficiaries of the trust or policyholders of the
8 corporation;
9 b. Appoint independent certified public accountants,
10 legal counsel, actuaries, and investment advisers as needed;
11 c. Approve payment of dividends to members;
12 d. Approve changes in corporate structure; and
13 e. Have the authority to contract with an
14 administrator authorized under s. 626.88 to administer the
15 day-to-day affairs of the fund including, but not limited to,
16 marketing, underwriting, billing, collection, claims
17 administration, safety and loss prevention, reinsurance,
18 policy issuance, accounting, regulatory reporting, and general
19 administration. The fees or compensation for services under
20 such contract shall be comparable to the costs for similar
21 services incurred by insurers writing the same lines of
22 insurance, or where available such expenses as filed by
23 boards, bureaus, and associations designated by insurers to
24 file such data. A majority of the trustees or directors shall
25 be owners, partners, officers, directors, or employees of one
26 or more members of the fund.
27 (3) Each member of a commercial self-insurance trust
28 fund established pursuant to this section, except a fund
29 established pursuant to subparagraph(2)(a)4.~~(2)(a)3.~~, must
30 maintain membership in the association or self-insurance trust
31 fund established under s. 627.357. Membership in a

1 | not-for-profit trade association, industry association, or
2 | professional association of employers or professionals for the
3 | purpose of obtaining or providing insurance shall be in
4 | accordance with the constitution or bylaws of the association,
5 | and the dues, fees, or other costs of membership shall not be
6 | different for members obtaining insurance from the commercial
7 | self-insurance fund. The association shall not be liable for
8 | any actions of the fund nor shall it have any responsibility
9 | for establishing or enforcing any policy of the commercial
10 | self-insurance fund. Fees, services, and other aspects of the
11 | relationship between the association and the fund shall be
12 | subject to contractual agreement.

13 | Section 2. This act shall take effect July 1, 2006.

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16 | SENATE SUMMARY

17 | Authorizes two or more nonprofit providers of community
18 | mental health services or substance abuse treatment
19 | services which are members of certain nonprofit statewide
20 | associations to form a self-insurance fund, subject to
21 | specified conditions.
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