

1 A bill to be entitled
2 An act relating to insurer solvency; amending s.
3 624.407, F.S.; revising the amount of surplus which
4 must be possessed by insurers applying for an original
5 certificate of authority; defining the term "health
6 benefit plan"; amending s. 624.408, F.S.; revising the
7 amount of surplus which must be possessed by insurers
8 in order to retain a certificate of authority;
9 authorizing the Office of Insurance Regulation to
10 reduce certain surplus requirements under specified
11 circumstances; defining the term "health benefit
12 plan"; amending s. 624.4085, F.S.; revising the term
13 "life and health insurer" to include specified health
14 maintenance and prepaid limited health service
15 organizations; amending s. 636.043, F.S.; revising the
16 due date and required content for the mandatory annual
17 report of a prepaid limited health service
18 organization to the office; revising the time periods
19 to be covered by such organization's required
20 quarterly reports to the office; amending s. 641.19,
21 F.S.; defining the term "management services
22 organization"; amending s. 641.201, F.S.; providing
23 that a health maintenance organization is considered
24 an insurer for purposes of specified provisions of law
25 relating to insolvent insurers, requirements for the
26 directors of domestic insurers, the payment of

27 | dividends and distributions of other property by
28 | domestic stock insurers, penalties for domestic and
29 | mutual stock insurers that illegally pay dividends,
30 | and certain restrictions on premiums written;
31 | providing that health maintenance organizations are
32 | considered life and health insurers for purposes of
33 | specified provisions of law relating to insurer
34 | surplus requirements; amending s. 641.225, F.S.;
35 | conforming provisions to changes made by the act;
36 | amending s. 641.26, F.S.; revising the due date and
37 | required content for the mandatory annual report and
38 | audited financial statement of a health maintenance
39 | organization which must be submitted to the office;
40 | amending s. 641.27, F.S.; revising the payment
41 | requirements applicable to health maintenance
42 | organizations for the examination expenses incurred by
43 | the office; amending s. 641.35, F.S.; excluding
44 | receivables from a management services organization
45 | from being included in the assets of a health
46 | maintenance organization for purposes of determining
47 | the organization's financial condition; repealing s.
48 | 641.365, F.S., relating to the payment of dividends
49 | and distributions of other property by health
50 | maintenance organizations; amending ss. 817.234 and
51 | 817.50, F.S.; conforming cross-references; providing a
52 | directive to the Division of Law Revision and

53 Information; providing effective dates.

54

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

56

57 Section 1. Section 624.407, Florida Statutes, is amended
58 to read:

59 624.407 Surplus required of ~~new~~ insurers applying for an
60 original certificate of authority.-

61 (1) To receive authority to transact any one kind or
62 combinations of kinds of insurance, as defined in part V of this
63 chapter, an insurer applying for its original certificate of
64 authority in this state must ~~shall~~ possess surplus as to
65 policyholders in at least the following amount ~~greater of~~:

66 (a) For a property and casualty insurer, \$5 million or 10
67 percent of the insurer's total liabilities, whichever is
68 greater, except for a domestic insurer that transacts
69 residential property insurance and is:

70 1. Not a wholly owned subsidiary of an insurer domiciled
71 in any other state, which must have a surplus of \$15 million.

72 2. A wholly owned subsidiary of an insurer domiciled in
73 any other state, which must have a surplus of \$50 million, ~~or~~
74 ~~\$2.5 million for any other insurer;~~

75 (b) For a life insurer ~~insurers~~, \$2.5 million or 4 percent
76 of the insurer's total liabilities, whichever is greater.†

77 (c) For a life and health insurer that will issue a health
78 benefit plan or a long-term care insurance policy on or after

79 the effective date of this act, the greater of:

80 1. The sum of \$10 million plus the amount of startup
 81 losses, excluding profits, projected to be incurred on the
 82 insurer's startup projection until the projection reflects
 83 statutory net profits for 12 consecutive months; ~~insurers,~~

84 2. Four ~~4~~ percent of the insurer's total liabilities, plus
 85 6 percent of the insurer's liabilities relative to health
 86 insurance, based on the insurer's startup projection; or

87 3. Two percent of the insurer's total projected premiums
 88 relative to health insurance, based on the insurer's startup
 89 projection.

90 (d) For a life and health insurer that is not subject to
 91 paragraph (c), the greater of:

92 1. The sum of \$2.5 million; or

93 2. Four percent of the insurer's total liabilities, plus 6
 94 percent of the insurer's liabilities relative to health
 95 insurance.

96 (e) For all ~~other~~ insurers, the greater of \$2.5 million or
 97 ~~other than life insurers and life and health insurers,~~ 10
 98 percent of the insurer's total liabilities. ~~;~~ ~~or~~

99 ~~(c) Notwithstanding paragraph (a) or paragraph (d), for a~~
 100 ~~domestic insurer that transacts residential property insurance~~
 101 ~~and is:~~

102 ~~1. Not a wholly owned subsidiary of an insurer domiciled~~
 103 ~~in any other state, \$15 million.~~

104 ~~2. A wholly owned subsidiary of an insurer domiciled in~~

105 ~~any other state, \$50 million.~~

106 (2) Notwithstanding subsection (1), a new insurer may not
 107 be required to have surplus as to policyholders greater than
 108 \$100 million.

109 (3) The requirements of this section shall be based upon
 110 all the kinds of insurance actually transacted or to be
 111 transacted by the insurer in any and all areas in which it
 112 operates, regardless of whether ~~or not~~ only a portion of such
 113 kinds of insurance are transacted in this state.

114 (4) As to surplus as to policyholders required for
 115 qualification to transact one or more kinds of insurance,
 116 domestic mutual insurers are governed by chapter 628, and
 117 domestic reciprocal insurers are governed by chapter 629.

118 (5) For the purposes of this section, liabilities do not
 119 include liabilities required under s. 625.041(5). For purposes
 120 of computing minimum surplus as to policyholders pursuant to s.
 121 625.305(1), liabilities include liabilities required under s.
 122 625.041(5).

123 (6) As used in this section, the term "health benefit
 124 plan" has the same meaning as in s. 627.6699.

125 Section 2. Section 624.408, Florida Statutes, is amended
 126 to read:

127 624.408 Surplus required for; ~~current~~ insurers to maintain
 128 a certificate of authority.-

129 (1) To maintain a certificate of authority to transact any
 130 one kind or combinations of kinds of insurance, as defined in

131 part V of this chapter, an insurer in this state must at all
132 times maintain surplus as to policyholders in at least the
133 following amount ~~greater of:~~

134 ~~(a) Except as provided in paragraphs (e), (f), and (g),~~
135 ~~\$1.5 million.~~

136 ~~(b) For a life insurer insurers, \$1.5 million or 4 percent~~
137 ~~of the insurer's total liabilities, whichever is greater.~~

138 (b) For a life and health insurer that is authorized to
139 issue a health benefit plan or long-term care insurance policy
140 and that:

141 1. Did not hold a certificate of authority before the
142 effective date of this act, \$10 million.

143 2. Held a certificate of authority before the effective
144 date of this act, \$1.5 million until June 30, 2017; \$3 million
145 on or after July 1, 2017, and until June 30, 2021; \$6 million on
146 or after July 1, 2021, and until June 30, 2025; and \$10 million
147 on or after July 1, 2025.

148
149 The office may reduce the surplus requirement imposed under this
150 paragraph if the office finds the reduction to be in the public
151 interest because the insurer is not writing new business in this
152 state, the insurer is writing business only within a limited
153 geographic service area, the insurer has premiums in force of
154 less than \$1 million annually, or the insurer has a policy count
155 of fewer than 6,000, or because of any other factor relevant to
156 making such a finding.

157 (c) For a life and health insurer that is not subject to
 158 paragraph (b) insurers, the greater of:

- 159 1. The sum of \$1.5 million; or
- 160 2. Four 4 percent of the insurer's total liabilities, plus
 161 6 percent of the insurer's liabilities relative to health
 162 insurance.

163 ~~(d) For all insurers other than mortgage guaranty~~
 164 ~~insurers, life insurers, and life and health insurers, 10~~
 165 ~~percent of the insurer's total liabilities.~~

166 ~~(e)~~ For a property and casualty insurer ~~insurers~~, \$4
 167 million, except for a property and casualty insurer ~~insurers~~
 168 authorized to underwrite any line of residential property
 169 insurance.

170 ~~(e)(f)~~ For a residential property insurer:

171 1. insurers ~~insurers~~ Not holding a certificate of authority before
 172 July 1, 2011, \$15 million.

173 2.(g) ~~For residential property insurers~~ Holding a
 174 certificate of authority before July 1, 2011, \$5 million ~~and~~
 175 until June 30, 2016, ~~\$5 million;~~ \$10 million on or after July 1,
 176 2016, and until June 30, 2021, ~~\$10 million;~~ and \$15 million on
 177 or after July 1, 2021, ~~\$15 million.~~

178
 179 The office may reduce the surplus requirement under this
 180 paragraph ~~in paragraphs (f) and (g)~~ if the insurer is not
 181 writing new business, has premiums in force of less than \$1
 182 million per year in residential property insurance, or is a

183 mutual insurance company.

184 (f) For all other insurers, the greater of \$1.5 million or
 185 10 percent of the insurer's total liabilities.

186 (2) For purposes of this section, liabilities do not
 187 include liabilities required under s. 625.041(5). For purposes
 188 of computing minimum surplus as to policyholders pursuant to s.
 189 625.305(1), liabilities include liabilities required under s.
 190 625.041(5).

191 (3) This section does not require an insurer to have
 192 surplus as to policyholders greater than \$100 million.

193 (4) A mortgage guaranty insurer shall maintain a minimum
 194 surplus as required by s. 635.042.

195 (5) As used in this section, the term "health benefit
 196 plan" has the same meaning as in s. 627.6699.

197 Section 3. Effective July 1, 2015, paragraph (g) of
 198 subsection (1) of section 624.4085, Florida Statutes, is amended
 199 to read:

200 624.4085 Risk-based capital requirements for insurers.—

201 (1) As used in this section, the term:

202 (g) "Life and health insurer" means an insurer authorized
 203 or eligible under the Florida Insurance Code to underwrite life
 204 or health insurance. The term also includes:

205 1. A property and casualty insurer that writes accident
 206 and health insurance only.

207 2. Effective January 1, 2015, ~~the term also includes a~~
 208 health maintenance organization that is authorized in this state

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209 and one or more other states, jurisdictions, or countries and a
210 prepaid limited health service organization that is authorized
211 in this state and one or more other states, jurisdictions, or
212 countries.

213 3. A health maintenance organization and a prepaid limited
214 health service organization initially authorized in this state
215 on or after July 1, 2015, and not authorized in any other state,
216 jurisdiction, or country.

217
218 As used in this paragraph, the term "health maintenance
219 organization" has the same meaning as in s. 641.19 and the term
220 "prepaid limited health service organization" has the same
221 meaning as in s. 636.003.

222 Section 4. Effective July 1, 2015, subsection (1),
223 paragraph (a) of subsection (2), and subsections (4) and (6) of
224 section 636.043, Florida Statutes, are amended to read:

225 636.043 Annual, quarterly, and miscellaneous reports.—

226 (1) Each prepaid limited health service organization must
227 file an annual report with the office on or before March 1 of
228 each year showing its condition on the last day of the
229 immediately preceding calendar year. The annually, within 3
230 ~~months after the end of its fiscal year, a report must be~~
231 verified by the notarized oath of at least two officers covering
232 the preceding calendar year. ~~Any organization licensed prior to~~
233 ~~October 1, 1993, shall not be required to file a financial~~
234 ~~statement, as required by paragraph (2) (a), based on statutory~~

235 ~~accounting principles until the first annual report for fiscal~~
 236 ~~years ending after December 31, 1994.~~

237 (2) The ~~Such~~ report must be on forms prescribed by the
 238 commission and must include:

239 (a)1. A ~~statutory~~ financial statement of the organization
 240 prepared in accordance with statutory accounting principles and
 241 filed by electronic means in a computer-readable format
 242 acceptable to the office, ~~including its balance sheet, income~~
 243 ~~statement, and statement of changes in cash flow for the~~
 244 ~~preceding year, certified by an independent certified public~~
 245 ~~accountant, or a consolidated audited financial statement of its~~
 246 ~~parent company prepared on the basis of statutory accounting~~
 247 ~~principles, certified by an independent certified public~~
 248 ~~accountant, attached to which must be consolidating financial~~
 249 ~~statements of the parent company, including the prepaid limited~~
 250 ~~health service organization.~~

251 2. Any entity subject to this chapter may make written
 252 application to the office for approval to file audited financial
 253 statements prepared in accordance with generally accepted
 254 accounting principles in lieu of statutory financial statements.
 255 The office shall approve the application if it finds it to be in
 256 the best interest of the subscribers. An application for
 257 exemption is required each year and must be filed with the
 258 office at least 2 months prior to the end of the fiscal year for
 259 which the exemption is being requested.

260 (4) (a) Each authorized prepaid limited health service

261 organization must file a quarterly report for each calendar
262 quarter. The report for the quarter ending March 31 shall be
263 filed with the office on or before May 15, the report for the
264 quarter ending June 30 shall be filed on or before August 15,
265 and the report for the quarter ending September 30 shall be
266 filed on or before November 15. The quarterly report must be
267 verified by the notarized oath of two officers of the
268 organization ~~within 45 days after the end of the quarter.~~ The
269 report must ~~shall~~ contain:

270 1.(a) A financial statement prepared in accordance with
271 statutory accounting principles. Any entity licensed before
272 October 1, 1993, is ~~shall~~ not be required to file a financial
273 statement based on statutory accounting principles until the
274 first quarterly filing after the entity files its annual
275 financial statement based on statutory accounting principles as
276 required by subsection (1).

277 2.(b) A listing of providers.

278 3.(e) Such other information relating to the performance
279 of the prepaid limited health service organization as is
280 reasonably required by the commission or office.

281 (b) On or before June 1, each authorized prepaid limited
282 health service organization shall annually file with the office
283 an audited financial statement of the organization for the
284 preceding year ending December 31. The office may require the
285 organization to file an audited financial report earlier than
286 June 1 upon notifying the organization at least 90 days in

287 advance. The audited financial statement must include:

288 1. A balance sheet, income statement, and statement of
289 changes in cash flow for the preceding year, all of which must
290 be certified by an independent certified public accountant; or

291 2. A consolidated audited financial statement of the
292 organization's parent company, prepared on the basis of
293 statutory accounting principles, which must be certified by an
294 independent certified public accountant and to which are
295 attached the consolidated financial statements of the parent
296 company, including those of the prepaid limited health service
297 organization.

298
299 Beginning with the financial statement filed for the year ending
300 December 31, 2015, the audited financial statement or
301 consolidated audited financial statement required by this
302 paragraph is subject to commission rules applicable to insurer
303 audits.

304 (6) Each authorized prepaid limited health service
305 organization shall retain an independent certified public
306 accountant, ~~hereinafter referred to as "CPA,"~~ who agrees by
307 written contract with the prepaid limited health service
308 organization to comply with ~~the provisions of~~ this act. The
309 contract must state that:

310 (a) The independent certified public accountant must CPA
311 ~~will~~ provide to the prepaid limited health service organization
312 audited statutory financial statements consistent with this act.

313 (b) Any determination by the independent certified public
314 accountant ~~CPA~~ that the prepaid limited health service
315 organization does not meet minimum surplus requirements as set
316 forth in this act must ~~will~~ be stated by the independent
317 certified public accountant ~~CPA~~, in writing, in the audited
318 financial statement.

319 (c) The completed workpapers and any written
320 communications between the independent certified public
321 accountant ~~CPA~~ and the prepaid limited health service
322 organization relating to the audit of the prepaid limited health
323 service organization must ~~will~~ be made available for review on a
324 visual-inspection-only basis by the office at the offices of the
325 prepaid limited health service organization, at the office, or
326 at any other reasonable place as mutually agreed between the
327 office and the prepaid limited health service organization. The
328 independent certified public accountant ~~CPA~~ must retain for
329 review the workpapers and written communications for a period of
330 not less than 6 years.

331 Section 5. Present subsections (14) through (22) of
332 section 641.19, Florida Statutes, are redesignated as
333 subsections (15) through (23), respectively, and a new
334 subsection (14) is added to that section, to read:

335 641.19 Definitions.—As used in this part, the term:
336 (14) "Management services organization" means an entity
337 that provides one or more medical practice management services
338 to health care providers, including, but not limited to,

339 administrative, financial, operational, personnel, records
 340 management, educational, compliance, and managed care services.

341 Section 6. Section 641.201, Florida Statutes, is amended
 342 to read:

343 641.201 Applicability of other laws.—

344 (1) Except as provided in this part, health maintenance
 345 organizations are ~~shall be~~ governed by ~~the provisions of~~ this
 346 part and part III of this chapter and are ~~shall be~~ exempt from
 347 all other provisions of the Florida Insurance Code except those
 348 ~~provisions of the Florida Insurance Code~~ that are explicitly
 349 made applicable to health maintenance organizations.

350 (2) Health maintenance organizations are considered
 351 insurers for purposes of:

352 (a) Sections 624.4073, 628.231, 628.371, and 628.391.

353 (b) Section 624.4095, except that:

354 1. The ratio of actual or projected annual gross written
 355 premiums to current or projected surplus as to policyholders for
 356 a health maintenance organization holding a certificate of
 357 authority before the effective date of this act, may not exceed
 358 30 to 1 on or after July 1, 2017, until June 30, 2021; 20 to 1
 359 on or after July 1, 2021, until June 30, 2025; and 10 to 1 on or
 360 after July 1, 2025.

361 2. In calculating the premium-to-surplus ratio of a health
 362 maintenance organization pursuant to s. 624.4095(1), actual or
 363 projected risk revenue must be added to actual or projected
 364 written premiums.

365 (3) Health maintenance organizations are considered life
366 and health insurers for purposes of ss. 624.407 and 624.408.

367 Section 7. Subsections (1) and (2) of section 641.225,
368 Florida Statutes, are amended to read:

369 641.225 Surplus requirements.—

370 (1) Each health maintenance organization shall at all
371 times maintain a minimum surplus as provided in s. 624.408 ~~in an~~
372 ~~amount that is the greater of \$1,500,000, or 10 percent of total~~
373 ~~liabilities, or 2 percent of total annualized premium.~~

374 (2) The office may ~~shall~~ not issue a certificate of
375 authority, except as provided in subsection (3), unless the
376 health maintenance organization has at least the ~~a~~ minimum
377 surplus required in s. 624.407 ~~in an amount which is the greater~~
378 ~~of:~~

379 ~~(a) Ten percent of their total liabilities based on their~~
380 ~~startup projection as set forth in this part;~~

381 ~~(b) Two percent of their total projected premiums based on~~
382 ~~their startup projection as set forth in this part; or~~

383 ~~(c) \$1,500,000, plus all startup losses, excluding~~
384 ~~profits, projected to be incurred on their startup projection~~
385 ~~until the projection reflects statutory net profits for 12~~
386 ~~consecutive months.~~

387 Section 8. Effective July 1, 2015, subsections (1), (3),
388 and (5) of section 641.26, Florida Statutes, are amended to
389 read:

390 641.26 Annual and quarterly reports.—

391 (1) Each ~~Every~~ health maintenance organization must file
 392 an annual report with the office on or before March 1 of each
 393 year showing its condition on the last day of the immediately
 394 preceding calendar year. The report must be ~~shall, annually~~
 395 ~~within 3 months after the end of its fiscal year, or within an~~
 396 ~~extension of time therefor as the office, for good cause, may~~
 397 ~~grant, in a form prescribed by the commission, file a report~~
 398 ~~with the office,~~ verified by the notarized oath of two officers
 399 of the organization or, if not a corporation, of two persons who
 400 are principal managing directors of the affairs of the
 401 organization, on a form prescribed by the commission. For good
 402 cause, the office may grant the organization an extension of
 403 time to file the report. The report must ~~properly notarized,~~
 404 ~~showing its condition on the last day of the immediately~~
 405 ~~preceding reporting period. Such report shall include:~~
 406 (a) A financial statement of the health maintenance
 407 organization filed by electronic means in a computer-readable
 408 form using a format acceptable to the office.
 409 (b) A financial statement of the health maintenance
 410 organization filed on forms acceptable to the office.
 411 ~~(c) An audited financial statement of the health~~
 412 ~~maintenance organization, including its balance sheet and a~~
 413 ~~statement of operations for the preceding year certified by an~~
 414 ~~independent certified public accountant, prepared in accordance~~
 415 ~~with statutory accounting principles.~~
 416 (c)-(d) The number of health maintenance contracts issued

417 and outstanding and the number of health maintenance contracts
 418 terminated.

419 ~~(d)-(e)~~ The number and amount of damage claims for medical
 420 injury initiated against the health maintenance organization and
 421 any of the providers engaged by it during the reporting year,
 422 broken down into claims with and without formal legal process,
 423 and the disposition, if any, of each such claim.

424 ~~(e)-(f)~~ An actuarial certification that:

425 1. The health maintenance organization is actuarially
 426 sound, which certification must ~~shall~~ consider the rates,
 427 benefits, and expenses of, and any other funds available for the
 428 payment of obligations of, the organization.

429 2. The rates being charged or to be charged are
 430 actuarially adequate to the end of the period for which rates
 431 have been guaranteed.

432 3. Incurred but not reported claims and claims reported
 433 but not fully paid have been adequately provided for.

434 4. The health maintenance organization has adequately
 435 provided for all obligations required by s. 641.35(3)(a).

436 ~~(g) A report prepared by the certified public accountant
 437 and filed with the office describing material weaknesses in the
 438 health maintenance organization's internal control structure as
 439 noted by the certified public accountant during the audit. The
 440 report must be filed with the annual audited financial report as
 441 required in paragraph (c). The health maintenance organization
 442 shall provide a description of remedial actions taken or~~

443 ~~proposed to correct material weaknesses, if the actions are not~~
444 ~~described in the independent certified public accountant's~~
445 ~~report.~~

446 (f) ~~(h)~~ Such other information relating to the performance
447 of health maintenance organizations as is required by the
448 commission or office.

449 (3) (a) ~~Every~~ Each health maintenance organization shall
450 file quarterly, for the first three calendar quarters of each
451 year, an unaudited financial statement of the organization as
452 described in paragraphs (1) (a) and (b). The statement for the
453 quarter ending March 31 shall be filed with the office on or
454 before May 15, the statement for the quarter ending June 30
455 shall be filed on or before August 15, and the statement for the
456 quarter ending September 30 shall be filed on or before November
457 15. The quarterly report must ~~shall~~ be verified by the notarized
458 oath of two officers of the organization, ~~properly notarized.~~

459 (b) Each health maintenance organization shall file
460 annually, for the preceding year ending December 31, an audited
461 financial statement of the organization. The statement for the
462 year ending December 31 must be filed with the office on or
463 before the following June 1. The office may require a health
464 maintenance organization to file an audited financial report
465 earlier than June 1 upon notifying the organization at least 90
466 days in advance. The audited financial statement must include a
467 balance sheet and statement of operations for the preceding year
468 certified by an independent certified public accountant and must

469 be prepared in accordance with statutory accounting principles.
470 The audited financial statement filed for the year ending
471 December 31, 2015, is subject to commission rules applicable to
472 insurer audits.

473 (5) Each authorized health maintenance organization shall
474 retain an independent certified public accountant, ~~referred to~~
475 ~~in this section as "CPA,"~~ who agrees by written contract with
476 the health maintenance organization to comply with ~~the~~
477 ~~provisions of~~ this part.

478 (a) The independent certified public accountant CPA shall
479 provide to the health maintenance organization HMO audited
480 financial statements consistent with this part.

481 (b) Any determination by the independent certified public
482 accountant CPA that the health maintenance organization does not
483 meet minimum surplus requirements as set forth in this part must
484 ~~shall~~ be stated by the independent certified public accountant
485 CPA, in writing, in the audited financial statement.

486 (c) The completed work papers and any written
487 communications between the independent certified public
488 accountant CPA firm and the health maintenance organization
489 relating to the audit of the health maintenance organization
490 shall be made available for review on a visual-inspection-only
491 basis by the office at the offices of the health maintenance
492 organization, at the office, or at any other reasonable place as
493 mutually agreed between the office and the health maintenance
494 organization. The independent certified public accountant CPA

495 must retain for review the work papers and written
496 communications for a period of not less than 6 years.

497 (d) The independent certified public accountant ~~CPA~~ shall
498 provide to the office a written report describing material
499 weaknesses in the health maintenance organization's internal
500 control structure as noted during the audit. The report must be
501 filed with the annual audited financial statement required under
502 paragraph (3) (b). The health maintenance organization must
503 provide a description of remedial actions taken or proposed to
504 be taken to correct material weaknesses, if the actions are not
505 described in the written report provided to the office by the
506 independent certified public accountant.

507 Section 9. Effective July 1, 2015, section 641.27, Florida
508 Statutes, is amended to read:

509 641.27 Examination by the office ~~department~~.—

510 (1) The office shall examine the affairs, transactions,
511 accounts, business records, and assets of any health maintenance
512 organization as often as it deems it expedient for the
513 protection of the people of this state, but not less frequently
514 than once every 5 years. However, except when the medical
515 records are requested and copies furnished pursuant to s.
516 456.057, medical records of individuals and records of
517 physicians providing service under contract to the health
518 maintenance organization are ~~shall~~ not ~~be~~ subject to audit,
519 although they may be subject to subpoena by court order upon a
520 showing of good cause. For the purpose of examinations, the

521 office may administer oaths to and examine the officers and
522 agents of a health maintenance organization concerning its
523 business and affairs. The examination of each health maintenance
524 organization by the office, including payment of examination
525 expenses, is ~~shall be~~ subject to the same terms and conditions
526 as apply to insurers under chapter 624. ~~In no event shall~~
527 ~~expenses of all examinations exceed a maximum of \$50,000 for any~~
528 ~~1-year period.~~ Any rehabilitation, liquidation, conservation, or
529 dissolution of a health maintenance organization shall be
530 conducted under the supervision of the department, which shall
531 have all power with respect thereto granted to it under the laws
532 governing the rehabilitation, liquidation, reorganization,
533 conservation, or dissolution of life insurance companies.

534 (2) The office may contract, at reasonable fees for work
535 performed, with qualified, impartial outside sources to perform
536 audits or examinations or portions thereof pertaining to the
537 qualification of an entity for issuance of a certificate of
538 authority or to determine continued compliance with the
539 requirements of this part, in which case the payment must be
540 made directly to the contracted examiner by the health
541 maintenance organization examined, in accordance with the rates
542 and terms agreed to by the office and the examiner. Any
543 contracted assistance shall be under the direct supervision of
544 the office. The results of any contracted assistance are ~~shall~~
545 ~~be~~ subject to the review of, and approval, disapproval, or
546 modification by, the office.

547 Section 10. Paragraph (j) is added to subsection (2) of
 548 section 641.35, Florida Statutes, to read:

549 641.35 Assets, liabilities, and investments.—

550 (2) ASSETS NOT ALLOWED.—In addition to assets impliedly
 551 excluded by the provisions of subsection (1), the following
 552 assets are ~~expressly shall not be~~ allowed as assets in any
 553 determination of the financial condition of a health maintenance
 554 organization:

555 (j) Beginning on or after January 1, 2016, any receivables
 556 from a management services organization pursuant to contract
 557 with the health maintenance organization.

558 Section 11. Section 641.365, Florida Statutes, is
 559 repealed.

560 Section 12. Paragraph (b) of subsection (2) of section
 561 817.234, Florida Statutes, is amended to read:

562 817.234 False and fraudulent insurance claims.—

563 (2)

564 (b) In addition to any other provision of law, systematic
 565 upcoding by a provider, as defined in s. 641.19(14), with the
 566 intent to obtain reimbursement otherwise not due from an insurer
 567 is punishable as provided in s. 641.52(5).

568 Section 13. Subsection (1) of section 817.50, Florida
 569 Statutes, is amended to read:

570 817.50 Fraudulently obtaining goods, services, etc., from
 571 a health care provider.—

572 (1) Whoever shall, willfully and with intent to defraud,

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573 obtain or attempt to obtain goods, products, merchandise, or
574 services from any health care provider in this state, as defined
575 in s. 641.19~~(14)~~, commits a misdemeanor of the second degree,
576 punishable as provided in s. 775.082 or s. 775.083.

577 Section 14. The Division of Law Revision and Information
578 is directed to replace the phrase "the effective date of this
579 act" where it occurs in this act with the date the act becomes a
580 law.

581 Section 15. Except as otherwise expressly provided in this
582 act, this act shall take effect upon becoming a law.