

By Senator Lee

24-00480C-16

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1 A bill to be entitled
2 An act relating to health maintenance organization
3 solvency; amending s. 624.4085, F.S.; redefining the
4 term "life and health insurer" to include health
5 maintenance organizations authorized only in this
6 state; providing an exception from the definition;
7 defining terms; creating s. 641.224, F.S.; specifying
8 a limitation on the premium to surplus ratio of a
9 health maintenance organization; providing formulas
10 for calculation; specifying requirements for a
11 projected annual gross written premium; defining the
12 term "gross written premium"; requiring the Office of
13 Insurance Regulation to take certain actions with
14 respect to a health maintenance organization if a
15 specified premium to surplus ratio is exceeded;
16 providing an exception; providing applicability;
17 providing a directive to the Division of Law Revision
18 and Information; providing an effective date.

19
20 Be It Enacted by the Legislature of the State of Florida:

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22 Section 1. Paragraph (g) of subsection (1) of section
23 624.4085, Florida Statutes, is amended to read:

24 624.4085 Risk-based capital requirements for insurers.—

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

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

29 1. A property and casualty insurer writing ~~that writes~~

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30 accident and health insurance only.

31 ~~2. Effective January 1, 2015, the term also includes A~~
32 ~~health maintenance organization that is authorized in this state~~
33 ~~and one or more other states, jurisdictions, or countries and a~~
34 ~~prepaid limited health service organization that is authorized~~
35 ~~in this state, except that: and one or more other states,~~
36 ~~jurisdictions, or countries~~

37 a. The term does not include a prepaid limited health
38 service organization authorized in this state, but not
39 authorized in any other state, jurisdiction, or country; and

40 b. Until January 1, 2019, the term does not include a
41 health maintenance organization holding a certificate of
42 authority in this state before the effective date of this act,
43 but that is not authorized in any other state, jurisdiction, or
44 country.

45
46 As used in this paragraph, the term "health maintenance
47 organization" has the same meaning as in s. 641.19, and the term
48 "prepaid limited health service organization" has the same
49 meaning as in s. 636.003.

50 Section 2. Section 641.224, Florida Statutes, is created to
51 read:

52 641.224 Premium to surplus ratio; limitations.-

53 (1) The premium to surplus ratio of a health maintenance
54 organization may not exceed 10 to 1. The ratio shall be
55 calculated by dividing premium by the current or projected
56 surplus. Premium shall be calculated as the product of the sum
57 of actual or projected gross written premium and actual or
58 projected risk revenue multiplied by 0.80. The ratio shall be

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59 computed on an annualized basis. As used in this section, the
60 term "gross written premium" means the sum of direct premium
61 written and reinsurance assumed.

62 (2) A health maintenance organization shall base the
63 projected annual gross written premium on its actual writings to
64 date for the current calendar year, writings for the immediately
65 preceding calendar year, or both.

66 (3) If a health maintenance organization exceeds the
67 premium to surplus ratio in subsection (1), the office must
68 either suspend the certificate of authority of the health
69 maintenance organization or establish by order the maximum
70 annual gross premium the health maintenance organization may
71 write to maintain the ratio, unless the health maintenance
72 organization demonstrates to the satisfaction of the office that
73 exceeding the ratio does not endanger its financial condition or
74 policyholder interests.

75 (4) A health maintenance organization with a surplus
76 exceeding \$40 million and written health maintenance contracts
77 in each of the immediately preceding 5 calendar years is not
78 subject to the requirements of this section.

79 (5) A health maintenance organization holding a certificate
80 of authority before the effective date of this act is not
81 subject to this section until January 1, 2019.

82 Section 3. The Division of Law Revision and Information is
83 directed to replace the phrase "the effective date of this act"
84 where it occurs in this act with the date the act becomes a law.

85 Section 4. This act shall take effect upon becoming a law.