

**By** the Committee on Banking and Insurance; and Senators Bean and Flores

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1                                   A bill to be entitled  
2       An act relating to discount plan organizations;  
3       revising the titles of ch. 636, F.S., and part II of  
4       ch. 636, F.S.; amending s. 636.202, F.S.; revising  
5       definitions; amending s. 636.204, F.S.; conforming  
6       provisions to changes made by the act; requiring  
7       third-party entities that contract with providers to  
8       administer or provide platforms for discount plans to  
9       be licensed as discount plan organizations; amending  
10      s. 636.206, F.S.; conforming provisions to changes  
11      made by the act; requiring discount plan organizations  
12      to maintain, for a specified timeframe, certain  
13      records in a form accessible to the Office of  
14      Insurance Regulation during an examination or  
15      investigation; amending s. 636.208, F.S.; conforming  
16      provisions to changes made by the act; specifying  
17      periodic charge reimbursement and other requirements  
18      for discount plan organizations following membership  
19      cancellation requests; amending s. 636.212, F.S.;  
20      requiring discount plan organizations and marketers to  
21      provide specified disclosures to prospective members  
22      before enrollment; authorizing discount plan  
23      organizations and marketers to make other disclosures;  
24      requiring prospective members to acknowledge  
25      acceptance of disclosures before enrollment;  
26      specifying requirements for disclosures made in  
27      writing or by electronic means; revising requirements  
28      for disclosures made by telephone; amending s.  
29      636.214, F.S.; making a technical change; conforming

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30 provisions to changes made by the act; amending s.  
31 636.216, F.S.; deleting provisions relating to charge  
32 and form filings; conforming a provision to changes  
33 made by the act; amending s. 636.228, F.S.; conforming  
34 provisions to changes made by the act; authorizing a  
35 discount plan organization to delegate functions to  
36 its marketers; providing that the discount plan  
37 organization is bound by acts of its marketers within  
38 the scope of the delegation; amending s. 636.230,  
39 F.S.; conforming provisions to changes made by the  
40 act; authorizing a marketer or discount plan  
41 organization to commingle certain products on a single  
42 page of certain documents; deleting a requirement for  
43 discount medical plan fees to be provided in writing  
44 under certain circumstances; amending s. 636.232,  
45 F.S.; conforming a provision to changes made by the  
46 act; deleting rulemaking authority of the Financial  
47 Services Commission as to the establishment of certain  
48 standards; amending ss. 408.9091, 408.910, 627.64731,  
49 636.003, 636.205, 636.207, 636.210, 636.218, 636.220,  
50 636.222, 636.223, 636.224, 636.226, 636.234, 636.236,  
51 636.238, 636.240, and 636.244, F.S.; conforming  
52 provisions to changes made by the act; providing an  
53 effective date.

54  
55 Be It Enacted by the Legislature of the State of Florida:

56  
57 Section 1. Chapter 636, Florida Statutes, entitled "Prepaid  
58 Limited Health Service Organizations and Discount Medical Plan

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59 Organizations," is retitled "Prepaid Limited Health Service  
60 Organizations and Discount Plan Organizations."

61 Section 2. Part II of chapter 636, Florida Statutes,  
62 entitled "Discount Medical Plan Organizations," is retitled  
63 "Discount Plan Organizations."

64 Section 3. Section 636.202, Florida Statutes, is amended to  
65 read:

66 636.202 Definitions.—As used in this part, the term:

67 (1) "Discount ~~medical~~ plan" means a business arrangement or  
68 contract in which a person, in exchange for fees, dues, charges,  
69 or other consideration, provides access for plan members to  
70 providers of medical services and the right to receive medical  
71 services from those providers at a discount. The term "~~discount~~  
72 ~~medical plan~~" does not include any product regulated under  
73 chapter 627, chapter 641, or part I of this chapter; ~~or~~ any  
74 medical services provided through a telecommunications medium  
75 that does not offer a discount to the plan member for those  
76 medical services; or any plan that does not charge a fee to plan  
77 members. Until June 30, 2018, a discount plan may also be  
78 referred to as a discount medical plan.

79 (2) "Discount ~~medical~~ plan organization" means an entity  
80 that which, in exchange for fees, dues, charges, or other  
81 consideration, provides access for plan members to providers of  
82 medical services and the right to receive medical services from  
83 those providers at a discount. Until June 30, 2018, a discount  
84 plan organization may also be referred to as a discount medical  
85 plan organization.

86 (3) "Marketer" means a person or entity that which markets,  
87 promotes, sells, or distributes a discount ~~medical~~ plan,

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88 including a private label entity that ~~which~~ places its name on  
89 and markets or distributes a discount ~~medical~~ plan but does not  
90 operate a discount ~~medical~~ plan.

91 (4) "Medical services" means any care, service, or  
92 treatment of illness or dysfunction of, or injury to, the human  
93 body, including, but not limited to, physician care, inpatient  
94 care, hospital surgical services, emergency services, ambulance  
95 services, dental care services, vision care services, mental  
96 health services, substance abuse services, chiropractic  
97 services, podiatric care services, laboratory services, and  
98 medical equipment and supplies. The term does not include  
99 pharmaceutical supplies or prescriptions.

100 (5) "Member" means any person who pays fees, dues, charges,  
101 or other consideration for the right to receive the purported  
102 benefits of a discount ~~medical~~ plan.

103 (6) "Provider" means any person or institution that ~~which~~  
104 is contracted, directly or indirectly, with a discount ~~medical~~  
105 plan organization to provide medical services to members.

106 (7) "Provider network" means an entity that ~~which~~  
107 negotiates on behalf of more than one provider with a discount  
108 ~~medical~~ plan organization to provide medical services to  
109 members.

110 Section 4. Subsections (1), (2), (4), and (6) of section  
111 636.204, Florida Statutes, are amended to read:

112 636.204 License required.—

113 (1) Before doing business in this state as a discount  
114 ~~medical~~ plan organization, an entity must be a corporation, a  
115 limited liability company, or a limited partnership,  
116 incorporated, organized, formed, or registered under the laws of

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117 this state or authorized to transact business in this state in  
118 accordance with chapter 605, part I of chapter 607, chapter 617,  
119 chapter 620, or chapter 865, and must be licensed by the office  
120 as a discount ~~medical~~ plan organization or be licensed by the  
121 office pursuant to chapter 624, part I of this chapter, or  
122 chapter 641.

123 (2) An application for a license to operate as a discount  
124 ~~medical~~ plan organization must be filed with the office on a  
125 form prescribed by the commission. Such application must be  
126 sworn to by an officer or authorized representative of the  
127 applicant and be accompanied by the following, if applicable:

128 (a) A copy of the applicant's articles of incorporation or  
129 other organizing documents, including all amendments.

130 (b) A copy of the applicant's bylaws.

131 (c) A list of the names, addresses, official positions, and  
132 biographical information of the individuals who are responsible  
133 for conducting the applicant's affairs, including, but not  
134 limited to, all members of the board of directors, board of  
135 trustees, executive committee, or other governing board or  
136 committee, the officers, contracted management company  
137 personnel, and any person or entity owning or having the right  
138 to acquire 10 percent or more of the voting securities of the  
139 applicant. Such listing must fully disclose the extent and  
140 nature of any contracts or arrangements between any individual  
141 who is responsible for conducting the applicant's affairs and  
142 the discount ~~medical~~ plan organization, including any possible  
143 conflicts of interest.

144 (d) A complete biographical statement~~r~~, on forms prescribed  
145 by the commission, an independent investigation report, and a

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146 set of fingerprints, as provided in chapter 624, with respect to  
147 each individual identified under paragraph (c).

148 (e) A statement generally describing the applicant, its  
149 facilities and personnel, and the medical services to be  
150 offered.

151 (f) A copy of the form of all contracts made or to be made  
152 between the applicant and any providers or provider networks  
153 regarding the provision of medical services to members.

154 (g) A copy of the form of any contract made or arrangement  
155 to be made between the applicant and any person listed in  
156 paragraph (c).

157 (h) A copy of the form of any contract made or to be made  
158 between the applicant and any person, corporation, partnership,  
159 or other entity for the performance on the applicant's behalf of  
160 any function, including, but not limited to, marketing,  
161 administration, enrollment, investment management, and  
162 subcontracting for the provision of health services to members.

163 (i) A copy of the applicant's most recent financial  
164 statements audited by an independent certified public  
165 accountant. An applicant that is a subsidiary of a parent entity  
166 that is publicly traded and that prepares audited financial  
167 statements reflecting the consolidated operations of the parent  
168 entity and the subsidiary may petition the office to accept, in  
169 lieu of the audited financial statement of the applicant, the  
170 audited financial statement of the parent entity and a written  
171 guaranty by the parent entity that the minimum capital  
172 requirements of the applicant required by this part will be met  
173 by the parent entity.

174 (j) A description of the proposed method of marketing.

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175 (k) A description of the subscriber complaint procedures to  
176 be established and maintained.

177 (l) The fee for issuance of a license.

178 (m) Such other information as the commission or office may  
179 reasonably require to make the determinations required by this  
180 part.

181 (4) Before ~~Prior to~~ licensure by the office, each discount  
182 ~~medical~~ plan organization must establish an Internet website so  
183 as to conform to the requirements of s. 636.226.

184 (6) This part does not require ~~Nothing in this part~~  
185 ~~requires~~ a provider who provides discounts to his or her own  
186 patients to obtain and maintain a license as a discount ~~medical~~  
187 plan organization. If a provider contracts with a third-party  
188 entity to administer or provide a platform for a discount plan,  
189 the third-party entity must be licensed as a discount plan  
190 organization.

191 Section 5. Section 636.206, Florida Statutes, is amended to  
192 read:

193 636.206 Examinations and investigations.—

194 (1) The office may examine or investigate the business and  
195 affairs of any discount ~~medical~~ plan organization. The office  
196 may order any discount ~~medical~~ plan organization or applicant to  
197 produce any records, books, files, advertising and solicitation  
198 materials, or other information and may take statements under  
199 oath to determine whether the discount ~~medical~~ plan organization  
200 or applicant is in violation of the law or is acting contrary to  
201 the public interest. The expenses incurred in conducting any  
202 examination or investigation must be paid by the discount  
203 ~~medical~~ plan organization or applicant. Examinations and

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204 investigations must be conducted as provided in chapter 624. For  
205 the duration of the agreement and for 5 years thereafter, every  
206 discount plan organization shall maintain, in a form accessible  
207 to the office during an examination or investigation, an  
208 accurate record of each member, the membership materials  
209 provided to the member, the discount plan issued to the member,  
210 and the charges billed and paid by the member.

211 (2) Failure by the discount ~~medical~~ plan organization to  
212 pay the expenses incurred under subsection (1) is grounds for  
213 denial or revocation.

214 Section 6. Section 636.208, Florida Statutes, is amended to  
215 read:

216 636.208 Fees; charges; reimbursement.-

217 (1) A discount ~~medical~~ plan organization may charge a  
218 periodic charge as well as a reasonable one-time processing fee  
219 for a discount ~~medical~~ plan.

220 (2) (a) If the member cancels his or her membership in the  
221 discount ~~medical~~ plan organization within the first 30 days  
222 after the effective date of enrollment in the plan, the member  
223 shall receive a reimbursement of all periodic charges upon  
224 return of the discount card to the discount ~~medical~~ plan  
225 organization.

226 (b) If the member cancels his or her membership in the  
227 discount plan organization consistent with the open enrollment  
228 rules established by an employer or association for a plan  
229 having an open enrollment period, the member shall receive a pro  
230 rata reimbursement of all periodic charges upon return of the  
231 discount card to the discount plan organization.

232 (c) Except for plans enrolled under paragraph (b), if the



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233 member requests in writing the cancellation of his or her  
 234 membership in the discount plan organization after the first 30  
 235 days allowed in paragraph (a), the discount plan organization:

236 1. Must make the cancellation effective no later than 30  
 237 days after receiving the member's cancellation request;

238 2. May not make future charges to the member after the  
 239 cancellation has taken effect; and

240 3. Must provide the member a pro rata reimbursement of  
 241 periodic charges for all months after the effective date of the  
 242 cancellation.

243 (3) If the discount ~~medical~~ plan organization cancels a  
 244 membership for any reason other than nonpayment of fees by the  
 245 member, the discount ~~medical~~ plan organization must ~~shall~~ make a  
 246 pro rata reimbursement of all periodic charges to the member.

247 (4) In addition to the reimbursement of periodic charges  
 248 for the reasons stated in subsections (2) and (3), a discount  
 249 ~~medical~~ plan organization shall also reimburse the member for  
 250 any portion of a one-time processing fee that exceeds \$30 per  
 251 year.

252 Section 7. Section 636.212, Florida Statutes, is amended to  
 253 read:

254 636.212 Disclosures.—A discount plan organization or  
 255 marketer shall provide disclosures to a prospective member  
 256 before his or her enrollment. A discount plan organization or  
 257 marketer may make disclosures in addition to those described in  
 258 this part. Before enrollment, a prospective member must  
 259 acknowledge he or she has accepted the disclosures ~~The following~~  
 260 ~~disclosures must be made in writing to any prospective member~~  
 261 ~~and must be on the first page of any advertisements, marketing~~

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262 ~~materials, or brochures relating to a discount medical plan. The~~  
263 ~~disclosures must be printed in not less than 12-point type:~~

264 (1) The disclosures must include:

265 (a) That the plan is not insurance.

266 (b) ~~(2)~~ That the plan provides discounts at certain health  
267 care providers for medical services.

268 (c) ~~(3)~~ That the plan does not make payments directly to the  
269 providers of medical services.

270 (d) ~~(4)~~ That the plan member is obligated to pay for all  
271 health care services but will receive a discount from those  
272 health care providers who have contracted with the discount plan  
273 organization.

274 (e) ~~(5)~~ The name and address of the licensed discount  
275 medical plan organization.

276 (2) Written disclosures must include the disclosures in  
277 subsection (1) on the first page of any advertisement, marketing  
278 material, or brochure relating to a discount plan. The first  
279 page is the page that first includes the information describing  
280 benefits. The disclosures must be printed in not less than 12-  
281 point type.

282 (3) Disclosures provided by electronic means must include  
283 the disclosures in subsection (1) on any advertisement,  
284 marketing material, or brochure relating to a discount plan. The  
285 disclosures must be viewable in a readable font size and color.

286 (4) Disclosures made by telephone must include the  
287 disclosures in subsection (1), and a written disclosure in  
288 accordance with subsection (2) must also be provided with the  
289 initial materials sent to the prospective or new member.

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291 ~~If the initial contract is made by telephone, the disclosures~~  
292 ~~required by this section shall be made orally and provided in~~  
293 ~~the initial written materials that describe the benefits under~~  
294 ~~the discount medical plan provided to the prospective or new~~  
295 ~~member.~~

296 Section 8. Section 636.214, Florida Statutes, is amended to  
297 read:

298 636.214 Provider agreements.—

299 (1) All providers offering medical services to members  
300 under a discount ~~medical~~ plan must provide such services  
301 pursuant to a written agreement. The agreement may be entered  
302 into directly by the provider or by a provider network to which  
303 the provider belongs.

304 (2) A provider agreement between a discount ~~medical~~ plan  
305 organization and a provider must provide the following:

306 (a) A list of the services and products to be provided at a  
307 discount.

308 (b) The amount or amounts of the discounts or,  
309 alternatively, a fee schedule which reflects the provider's  
310 discounted rates.

311 (c) A statement that the provider will not charge members  
312 more than the discounted rates.

313 (3) A provider agreement between a discount ~~medical~~ plan  
314 organization and a provider network must ~~shall~~ require that the  
315 provider network have written agreements with its providers  
316 which:

317 (a) Contain the terms described in subsection (2).

318 (b) Authorize the provider network to contract with the  
319 discount ~~medical~~ plan organization on behalf of the provider.

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320 (c) Require the network to maintain an up-to-date list of  
321 its contracted providers and to provide that list on a monthly  
322 basis to the discount ~~medical~~ plan organization.

323 (4) The discount ~~medical~~ plan organization shall maintain a  
324 copy of each active provider agreement into which it has  
325 entered.

326 Section 9. Section 636.216, Florida Statutes, is amended to  
327 read:

328 636.216 Written agreement ~~Charge or form filings.~~

329 ~~(1) All charges to members must be filed with the office  
330 and any charge to members greater than \$30 per month or \$360 per  
331 year must be approved by the office before the charges can be  
332 used. The discount medical plan organization has the burden of  
333 proof that the charges bear a reasonable relation to the  
334 benefits received by the member.~~

335 ~~(2) There must be a written agreement between the discount  
336 medical plan organization and the member specifying the benefits  
337 under the discount medical plan and complying with the  
338 disclosure requirements of this part.~~

339 ~~(3) All forms used, including the written agreement  
340 pursuant to subsection (2), must first be filed with and  
341 approved by the office. Every form filed shall be identified by  
342 a unique form number placed in the lower left corner of each  
343 form.~~

344 ~~(4) A charge or form is considered approved on the 60th day  
345 after its date of filing unless it has been previously  
346 disapproved by the office. The office shall disapprove any form  
347 that does not meet the requirements of this part or that is  
348 unreasonable, discriminatory, misleading, or unfair. If such~~

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349 ~~filings are disapproved, the office shall notify the discount~~  
350 ~~medical plan organization and shall specify in the notice the~~  
351 ~~reasons for disapproval.~~

352 Section 10. Section 636.228, Florida Statutes, is amended  
353 to read:

354 636.228 Marketing of discount ~~medical~~ plans.—

355 (1) All advertisements, marketing materials, brochures, and  
356 discount cards used by marketers must be approved in writing ~~for~~  
357 ~~such use~~ by the discount ~~medical~~ plan organization.

358 (2) The discount ~~medical~~ plan organization must ~~shall~~ have  
359 an executed written agreement with a marketer before ~~prior to~~  
360 the marketer's marketing, promoting, selling, or distributing  
361 the discount ~~medical~~ plan. Such agreement must ~~shall~~ prohibit  
362 the marketer from using marketing materials, brochures, and  
363 discount cards without the approval in writing by the discount  
364 ~~medical~~ plan organization. The discount ~~medical~~ plan  
365 organization may delegate functions to its marketers but shall  
366 be bound by any acts of its marketers, within the scope of the  
367 delegation, which ~~marketers' agency, that~~ do not comply with the  
368 ~~provisions of this part.~~

369 Section 11. Section 636.230, Florida Statutes, is amended  
370 to read:

371 636.230 Bundling discount ~~medical~~ plans with other  
372 products.—A marketer or discount plan organization selling a  
373 discount plan with medical services and other services may  
374 commingle those products on a single page of forms,  
375 advertisements, marketing materials, or brochures ~~When a~~  
376 ~~marketer or discount medical plan organization sells a discount~~  
377 ~~medical plan together with any other product, the fees for the~~

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378 ~~discount medical plan must be provided in writing to the member~~  
379 ~~if the fees exceed \$30.~~

380 Section 12. Section 636.232, Florida Statutes, is amended  
381 to read:

382 636.232 Rules.—The commission may adopt rules to administer  
383 this part, including rules for the licensing of discount ~~medical~~  
384 ~~plan organizations,~~ ; ~~establishing standards for evaluating~~  
385 ~~forms, advertisements, marketing materials, brochures, and~~  
386 ~~discount cards;~~ providing for the collection of data, ; relating  
387 to disclosures to plan members, ; and defining terms used in this  
388 part.

389 Section 13. Paragraph (b) of subsection (5) of section  
390 408.9091, Florida Statutes, is amended to read:

391 408.9091 Cover Florida Health Care Access Program.—

392 (5) PLAN PROPOSALS.—The agency and the office shall  
393 announce, no later than July 1, 2008, an invitation to negotiate  
394 for Cover Florida plan entities to design a Cover Florida plan  
395 proposal in which benefits and premiums are specified.

396 (b) The agency and the office may announce an invitation to  
397 negotiate for the design of Cover Florida Plus products to  
398 companies that offer supplemental insurance, discount ~~medical~~  
399 ~~plan organizations~~ licensed under part II of chapter 636, or  
400 prepaid health clinics licensed under part II of chapter 641.

401 Section 14. Paragraph (d) of subsection (2) and paragraph  
402 (d) of subsection (4) of section 408.910, Florida Statutes, are  
403 amended to read:

404 408.910 Florida Health Choices Program.—

405 (2) DEFINITIONS.—As used in this section, the term:

406 (d) "Insurer" means an entity licensed under chapter 624

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407 which offers an individual health insurance policy or a group  
408 health insurance policy, a preferred provider organization as  
409 defined in s. 627.6471, an exclusive provider organization as  
410 defined in s. 627.6472, ~~or~~ a health maintenance organization  
411 licensed under part I of chapter 641, or a prepaid limited  
412 health service organization or discount ~~medical~~ plan  
413 organization licensed under chapter 636.

414 (4) ELIGIBILITY AND PARTICIPATION.—Participation in the  
415 program is voluntary and shall be available to employers,  
416 individuals, vendors, and health insurance agents as specified  
417 in this subsection.

418 (d) All eligible vendors who choose to participate and the  
419 products and services that the vendors are permitted to sell are  
420 as follows:

421 1. Insurers licensed under chapter 624 may sell health  
422 insurance policies, limited benefit policies, other risk-bearing  
423 coverage, and other products or services.

424 2. Health maintenance organizations licensed under part I  
425 of chapter 641 may sell health maintenance contracts, limited  
426 benefit policies, other risk-bearing products, and other  
427 products or services.

428 3. Prepaid limited health service organizations may sell  
429 products and services as authorized under part I of chapter 636,  
430 and discount ~~medical~~ plan organizations may sell products and  
431 services as authorized under part II of chapter 636.

432 4. Prepaid health clinic service providers licensed under  
433 part II of chapter 641 may sell prepaid service contracts and  
434 other arrangements for a specified amount and type of health  
435 services or treatments.

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436           5. Health care providers, including hospitals and other  
437 licensed health facilities, health care clinics, licensed health  
438 professionals, pharmacies, and other licensed health care  
439 providers, may sell service contracts and arrangements for a  
440 specified amount and type of health services or treatments.

441           6. Provider organizations, including service networks,  
442 group practices, professional associations, and other  
443 incorporated organizations of providers, may sell service  
444 contracts and arrangements for a specified amount and type of  
445 health services or treatments.

446           7. Corporate entities providing specific health services in  
447 accordance with applicable state law may sell service contracts  
448 and arrangements for a specified amount and type of health  
449 services or treatments.

450

451 A vendor described in subparagraphs 3.-7. may not sell products  
452 that provide risk-bearing coverage unless that vendor is  
453 authorized under a certificate of authority issued by the Office  
454 of Insurance Regulation and is authorized to provide coverage in  
455 the relevant geographic area. Otherwise eligible vendors may be  
456 excluded from participating in the program for deceptive or  
457 predatory practices, financial insolvency, or failure to comply  
458 with the terms of the participation agreement or other standards  
459 set by the corporation.

460           Section 15. Subsection (11) of section 627.64731, Florida  
461 Statutes, is amended to read:

462           627.64731 Leasing, renting, or granting access to a  
463 participating provider.—

464           (11) This section does not apply to a contract between a



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465 contracting entity and a discount ~~medical~~ plan organization  
466 licensed or exempt under part II of chapter 636.

467 Section 16. Paragraph (c) of subsection (7) of section  
468 636.003, Florida Statutes, is amended to read:

469 636.003 Definitions.—As used in this act, the term:

470 (7) "Prepaid limited health service organization" means any  
471 person, corporation, partnership, or any other entity which, in  
472 return for a prepayment, undertakes to provide or arrange for,  
473 or provide access to, the provision of a limited health service  
474 to enrollees through an exclusive panel of providers. Prepaid  
475 limited health service organization does not include:

476 (c) Any person who is licensed pursuant to part II as a  
477 discount ~~medical~~ plan organization.

478 Section 17. Paragraphs (c) and (d) of subsection (1) of  
479 section 636.205, Florida Statutes, are amended to read:

480 636.205 Issuance of license; denial.—

481 (1) Following receipt of an application filed pursuant to  
482 s. 636.204, the office shall review the application and notify  
483 the applicant of any deficiencies contained therein. The office  
484 shall issue a license to an applicant who has filed a completed  
485 application pursuant to s. 636.204 upon payment of the fees  
486 specified in s. 636.204 and upon the office being satisfied that  
487 the following conditions are met:

488 (c) The ownership, control, and management of the entity  
489 are competent and trustworthy and possess managerial experience  
490 that would make the proposed operation beneficial to the  
491 subscribers. The office may ~~shall~~ not grant or continue to grant  
492 authority to transact the business of a discount ~~medical~~ plan  
493 organization in this state at any time during which the office

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494 has good reason to believe that the ownership, control, or  
495 management of the organization includes any person whose  
496 business operations are or have been marked by business  
497 practices or conduct that is detrimental to the public,  
498 stockholders, investors, or creditors.

499 (d) The discount ~~medical~~ plan organization has a complaint  
500 procedure that will facilitate the resolution of subscriber  
501 grievances and that includes both formal and informal steps  
502 available within the organization.

503 Section 18. Section 636.207, Florida Statutes, is amended  
504 to read:

505 636.207 Applicability of part.—Except as otherwise provided  
506 in this part, discount ~~medical~~ plan organizations are governed  
507 by ~~the provisions of~~ this part and are exempt from the Florida  
508 Insurance Code unless specifically referenced.

509 Section 19. Section 636.210, Florida Statutes, is amended  
510 to read:

511 636.210 Prohibited activities of a discount ~~medical~~ plan  
512 organization.—

513 (1) A discount ~~medical~~ plan organization may not:

514 (a) Use in its advertisements, marketing material,  
515 brochures, and discount cards the term "insurance" except as  
516 otherwise provided in this part or as a disclaimer of any  
517 relationship between discount ~~medical~~ plan organization benefits  
518 and insurance;

519 (b) Use in its advertisements, marketing material,  
520 brochures, and discount cards the terms "health plan,"  
521 "coverage," "copay," "copayments," "preexisting conditions,"  
522 "guaranteed issue," "premium," "PPO," "preferred provider

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523 organization," or other terms in a manner that could reasonably  
524 mislead a person into believing the discount ~~medical~~ plan was  
525 health insurance;

526 (c) Have restrictions on free access to plan providers,  
527 including, but not limited to, waiting periods and notification  
528 periods; or

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

530 (2) A discount ~~medical~~ plan organization may not collect or  
531 accept money from a member for payment to a provider for  
532 specific medical services furnished or to be furnished to the  
533 member unless the organization has an active certificate of  
534 authority from the office to act as an administrator.

535 Section 20. Subsection (1), paragraphs (b), (c), and (d) of  
536 subsection (2), and subsection (3) of section 636.218, Florida  
537 Statutes, are amended to read:

538 636.218 Annual reports.—

539 (1) Each discount ~~medical~~ plan organization shall ~~must~~ file  
540 with the office, within 3 months after the end of each fiscal  
541 year, an annual report.

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

544 (b) If different from the initial application or the last  
545 annual report, a list of the names and residence addresses of  
546 all persons responsible for the conduct of the organization's  
547 affairs, together with a disclosure of the extent and nature of  
548 any contracts or arrangements between such persons and the  
549 discount ~~medical~~ plan organization, including any possible  
550 conflicts of interest.

551 (c) The number of discount ~~medical~~ plan members in the

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552 state.

553 (d) Such other information relating to the performance of  
554 the discount ~~medical~~ plan organization as is reasonably required  
555 by the commission or office.

556 (3) Every discount ~~medical~~ plan organization that ~~which~~  
557 fails to file an annual report in the form and within the time  
558 required by this section shall forfeit up to \$500 for each day  
559 for the first 10 days during which the neglect continues and  
560 shall forfeit up to \$1,000 for each day after the first 10 days  
561 during which the neglect continues; and, upon notice by the  
562 office to that effect, the organization's authority to enroll  
563 new members or to do business in this state ceases while such  
564 default continues. The office shall deposit all sums collected  
565 by the office under this section to the credit of the Insurance  
566 Regulatory Trust Fund. The office may not collect more than  
567 \$50,000 for each report.

568 Section 21. Section 636.220, Florida Statutes, is amended  
569 to read:

570 636.220 Minimum capital requirements.-

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

573 (2) The office may not issue a license unless the discount  
574 ~~medical~~ plan organization has a net worth of at least \$150,000.

575 Section 22. Section 636.222, Florida Statutes, is amended  
576 to read:

577 636.222 Suspension or revocation of license; suspension of  
578 enrollment of new members; terms of suspension.-

579 (1) The office may suspend the authority of a discount  
580 ~~medical~~ plan organization to enroll new members, revoke any

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581 license issued to a discount ~~medical~~ plan organization, or order  
582 compliance if the office finds that any of the following  
583 conditions exist:

584 (a) The organization is not operating in compliance with  
585 this part.

586 (b) The organization does not have the minimum net worth as  
587 required by this part.

588 (c) The organization has advertised, merchandised, or  
589 attempted to merchandise its services in such a manner as to  
590 misrepresent its services or capacity for service or has engaged  
591 in deceptive, misleading, or unfair practices with respect to  
592 advertising or merchandising.

593 (d) The organization is not fulfilling its obligations as a  
594 ~~medical~~ discount ~~medical~~ plan organization.

595 (e) The continued operation of the organization would be  
596 hazardous to its members.

597 (2) If the office has cause to believe that grounds for the  
598 suspension or revocation of a license exist, the office must  
599 ~~shall~~ notify the discount ~~medical~~ plan organization in writing  
600 specifically stating the grounds for suspension or revocation  
601 and shall pursue a hearing on the matter in accordance with ~~the~~  
602 ~~provisions of~~ chapter 120.

603 (3) When the license of a discount ~~medical~~ plan  
604 organization is surrendered or revoked, such organization must  
605 proceed, immediately following the effective date of the order  
606 of revocation, to wind up its affairs transacted under the  
607 license. The organization may not engage in any further  
608 advertising, solicitation, collecting of fees, or renewal of  
609 contracts.

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610 (4) The office shall, in its order suspending the authority  
611 of a discount ~~medical~~ plan organization to enroll new members,  
612 specify the period during which the suspension is to be in  
613 effect and the conditions, if any, which must be met by the  
614 discount ~~medical~~ plan organization before ~~prior to~~ reinstatement  
615 of its license to enroll new members. The order of suspension is  
616 subject to rescission or modification by further order of the  
617 office before ~~prior to~~ the expiration of the suspension period.  
618 Reinstatement may not be made unless requested by the discount  
619 ~~medical~~ plan organization; however, the office may not grant  
620 reinstatement if it finds that the circumstances for which the  
621 suspension occurred still exist or are likely to recur.

622 Section 23. Section 636.223, Florida Statutes, is amended  
623 to read:

624 636.223 Administrative penalty.—In lieu of suspending or  
625 revoking a certificate of authority whenever any discount  
626 ~~medical~~ plan organization has been found to have violated any  
627 provision of this part, the office may:

628 (1) Issue and cause to be served upon the organization  
629 charged with the violation a copy of such findings and an order  
630 requiring such organization to cease and desist from engaging in  
631 the act or practice that constitutes the violation.

632 (2) Impose a monetary penalty of not less than \$100 for  
633 each violation, but not to exceed an aggregate penalty of  
634 \$75,000.

635 Section 24. Section 636.224, Florida Statutes, is amended  
636 to read:

637 636.224 Notice of change of name or address of discount  
638 ~~medical~~ plan organization.—Each discount ~~medical~~ plan

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639 organization must provide the office at least 30 days' advance  
640 notice of any change in the discount ~~medical~~ plan organization's  
641 name, address, principal business address, or mailing address.

642 Section 25. Section 636.226, Florida Statutes, is amended  
643 to read:

644 636.226 Provider name listing.—Each discount ~~medical~~ plan  
645 organization must maintain on an Internet website an up-to-date  
646 list of the names and addresses of the providers with which it  
647 has contracted, ~~on an Internet website page~~, the address of  
648 which must ~~shall~~ be prominently displayed on all its  
649 advertisements, marketing materials, brochures, and discount  
650 cards. This section applies to those providers with whom the  
651 discount ~~medical~~ plan organization has contracted directly, as  
652 well as those who are members of a provider network with which  
653 the discount ~~medical~~ plan organization has contracted.

654 Section 26. Section 636.234, Florida Statutes, is amended  
655 to read:

656 636.234 Service of process on a discount ~~medical~~ plan  
657 organization.—Sections 624.422 and 624.423 apply to a discount  
658 ~~medical~~ plan organization as if the discount ~~medical~~ plan  
659 organization were an insurer.

660 Section 27. Section 636.236, Florida Statutes, is amended  
661 to read:

662 636.236 Surety bond or security deposit.—

663 (1) Each discount ~~medical~~ plan organization licensed  
664 pursuant to ~~the provisions of this part~~ shall ~~must~~ maintain in  
665 force a surety bond in its own name in an amount not less than  
666 \$35,000 to be used at the discretion of the office to protect  
667 the financial interests of members who may be adversely affected

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668 by the insolvency of a discount ~~medical~~ plan organization. The  
669 bond must be issued by an insurance company that is licensed to  
670 do business in this state.

671 (2) In lieu of the bond specified in subsection (1), a  
672 licensed discount ~~medical~~ plan organization may deposit and  
673 maintain deposited in trust with the department securities  
674 eligible for deposit under s. 625.52 having at all times a value  
675 of not less than \$35,000. If a licensed discount ~~medical~~ plan  
676 organization substitutes its deposited securities under this  
677 subsection with a surety bond authorized in subsection (1), such  
678 deposited securities must ~~shall~~ be returned to the discount  
679 ~~medical~~ plan organization no later than 45 days following the  
680 effective date of the surety bond.

681 (3) A ~~No~~ judgment creditor or other claimant of a discount  
682 ~~medical~~ plan organization, other than the office or department,  
683 does not ~~shall~~ have the right to levy upon any of the assets or  
684 securities held in this state as a deposit under subsections (1)  
685 and (2).

686 Section 28. Subsections (2) and (3) of section 636.238,  
687 Florida Statutes, are amended to read:

688 636.238 Penalties for violation of this part.—

689 (2) A person who operates as or willfully aids and abets  
690 another operating as a discount ~~medical~~ plan organization in  
691 violation of s. 636.204(1) commits a felony punishable as  
692 provided for in s. 624.401(4) (b), as if the unlicensed discount  
693 ~~medical~~ plan organization were an unauthorized insurer, and the  
694 fees, dues, charges, or other consideration collected from the  
695 members by the unlicensed discount ~~medical~~ plan organization or  
696 marketer were insurance premium.



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697 (3) A person who collects fees for purported membership in  
698 a discount ~~medical~~ plan but purposefully fails to provide the  
699 promised benefits commits a theft, punishable as provided in s.  
700 812.014.

701 Section 29. Subsection (1) of section 636.240, Florida  
702 Statutes, is amended to read:

703 636.240 Injunctions.—

704 (1) In addition to the penalties and other enforcement  
705 provisions of this part, the office may seek both temporary and  
706 permanent injunctive relief when:

707 (a) A discount ~~medical~~ plan is being operated by any person  
708 or entity that is not licensed pursuant to this part.

709 (b) Any person, entity, or discount ~~medical~~ plan  
710 organization has engaged in any activity prohibited by this part  
711 or any rule adopted pursuant to this part.

712 Section 30. Section 636.244, Florida Statutes, is amended  
713 to read:

714 636.244 Unlicensed discount ~~medical~~ plan organizations.—  
715 Sections ~~The provisions of ss. 626.901-626.912~~ apply to the  
716 activities of an unlicensed discount ~~medical~~ plan organization  
717 as if the unlicensed discount ~~medical~~ plan organization were an  
718 unauthorized insurer.

719 Section 31. This act shall take effect upon becoming a law.