

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 a  
7           provider to be licensed as a discount plan  
8           organization if the provider charges patients fees,  
9           dues, charges, or other consideration to receive  
10          discounted medical services; amending s. 636.208,  
11          F.S.; conforming provisions to changes made by the  
12          act; revising a specified condition for a member to  
13          receive a reimbursement of certain charges after  
14          cancelling a membership in a discount plan  
15          organization; amending s. 636.212, F.S.; conforming  
16          provisions to changes made by the act; specifying what  
17          a first page is for the purpose of a disclosure  
18          requirement on certain materials relating to a  
19          discount plan; providing for construction; deleting  
20          certain requirements that apply if the initial  
21          contract is made by telephone; amending s. 636.214,  
22          F.S.; making a technical change; conforming provisions  
23          to changes made by the act; amending s. 636.216, F.S.;  
24          deleting a provision that requires filing charges to  
25          members with the Office of Insurance Regulation, that

26 requires approval of the office for specified charges,  
27 and that provides for the burden of proving the  
28 reasonable relation of charges to benefits received by  
29 the members; conforming provisions to changes made by  
30 the act; specifying certain forms that must be filed  
31 and approved by the office; providing an exception  
32 from approval by the office; specifying what is not  
33 included in a material change; amending s. 636.228,  
34 F.S.; conforming provisions to changes made by the  
35 act; authorizing a discount plan organization to  
36 delegate functions to its marketers; providing that  
37 the discount plan organization is bound to acts of its  
38 marketers within the scope of delegation; amending s.  
39 636.230, F.S.; conforming provisions to changes made  
40 by the act; authorizing a marketer or discount plan  
41 organization to commingle certain products on a single  
42 page of certain documents; providing for  
43 applicability; deleting a requirement for discount  
44 medical plan fees to be provided in writing under  
45 certain circumstances; amending ss. 408.9091, 408.910,  
46 627.64731, 636.003, 636.205, 636.206, 636.207,  
47 636.210, 636.218, 636.220, 636.222, 636.223, 636.224,  
48 636.226, 636.232, 636.234, 636.236, 636.238, 636.240,  
49 and 636.244, F.S.; conforming provisions to changes  
50 made by the act; providing an effective date.

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

Section 1. Chapter 636, Florida Statutes, entitled  
"Prepaid Limited Health Service Organizations and Discount  
Medical Plan Organizations," is retitled "Prepaid Limited Health  
Service Organizations and Discount Plan Organizations."

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

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

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

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

76 | plan.

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

84 |       (3) "Marketer" means a person or entity that ~~which~~  
 85 | markets, promotes, sells, or distributes a discount ~~medical~~  
 86 | plan, including a private label entity that ~~which~~ places its  
 87 | name on and markets or distributes a discount ~~medical~~ plan but  
 88 | does not operate a discount ~~medical~~ plan.

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

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

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

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

108 Section 4. Subsections (1), (2), (4), and (6) of section  
109 636.204, Florida Statutes, are amended to read:

110 636.204 License required.—

111 (1) Before doing business in this state as a discount  
112 ~~medical~~ plan organization, an entity must be a corporation, a  
113 limited liability company, or a limited partnership,  
114 incorporated, organized, formed, or registered under the laws of  
115 this state or authorized to transact business in this state in  
116 accordance with chapter 605, part I of chapter 607, chapter 617,  
117 chapter 620, or chapter 865, and must be licensed by the office  
118 as a discount ~~medical~~ plan organization or be licensed by the  
119 office pursuant to chapter 624, part I of this chapter, or  
120 chapter 641.

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

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

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

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

142 (d) A complete biographical statement, ~~7~~ on forms prescribed  
143 by the commission, an independent investigation report, and a  
144 set of fingerprints, as provided in chapter 624, with respect to  
145 each individual identified under paragraph (c).

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

149 (f) A copy of the form of all contracts made or to be made  
150 between the applicant and any providers or provider networks

151 regarding the provision of medical services to members.

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

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

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

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

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

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

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

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

182 (6) This part does not require ~~Nothing in this part~~  
 183 ~~requires~~ a provider who provides discounts to his or her own  
 184 patients to obtain and maintain a license as a discount ~~medical~~  
 185 plan organization unless the provider charges patients fees,  
 186 dues, charges, or other consideration to receive medical  
 187 services from the provider at a discount.

188 Section 5. Section 636.208, Florida Statutes, is amended  
 189 to read:

190 636.208 Fees; charges; reimbursement.—

191 (1) A discount ~~medical~~ plan organization may charge a  
 192 periodic charge as well as a reasonable one-time processing fee  
 193 for a discount ~~medical~~ plan.

194 (2) If the member cancels his or her membership in the  
 195 discount ~~medical~~ plan organization within the first 30 days  
 196 after the effective date of enrollment in the plan or cancels  
 197 his or her membership consistent with the open enrollment rules  
 198 established by an employer or association for a plan having an  
 199 open enrollment period, the member shall receive a reimbursement  
 200 of all periodic charges upon return of the discount card to the



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201 | discount ~~medical~~ plan organization.

202 |       (3) If the discount ~~medical~~ plan organization cancels a  
203 | membership for any reason other than nonpayment of fees by the  
204 | member, the discount ~~medical~~ plan organization must ~~shall~~ make a  
205 | pro rata reimbursement of all periodic charges to the member.

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

211 |       Section 6. Section 636.212, Florida Statutes, is amended  
212 | to read:

213 |       636.212 Disclosures.—The following disclosures must be  
214 | made in writing to any prospective member and must be on the  
215 | first page of any advertisements, marketing materials, or  
216 | brochures relating to a discount ~~medical~~ plan. The first page is  
217 | the page that first includes the information describing  
218 | benefits. The disclosures must be printed in not less than 12-  
219 | point type:

220 |       (1) That the plan is not insurance.

221 |       (2) That the plan provides discounts at certain health  
222 | care providers for medical services.

223 |       (3) That the plan does not make payments directly to the  
224 | providers of medical services.

225 |       (4) That the plan member is obligated to pay for all

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226 health care services but will receive a discount from those  
227 health care providers who have contracted with the discount plan  
228 organization.

229 (5) The name and address of the licensed discount ~~medical~~  
230 plan organization.

231  
232 The requirements of this section are met if the prospective  
233 member cannot enroll without being presented with the required  
234 disclosures and if the prospective member must acknowledge  
235 acceptance of the plan terms and conditions before enrollment.

236 This section does not prohibit the discount plan organization  
237 from making additional disclosures to a prospective member ~~If~~  
238 ~~the initial contract is made by telephone, the disclosures~~  
239 ~~required by this section shall be made orally and provided in~~  
240 ~~the initial written materials that describe the benefits under~~  
241 ~~the discount medical plan provided to the prospective or new~~  
242 ~~member.~~

243 Section 7. Section 636.214, Florida Statutes, is amended  
244 to read:

245 636.214 Provider agreements.—

246 (1) All providers offering medical services to members  
247 under a discount ~~medical~~ plan must provide such services  
248 pursuant to a written agreement. The agreement may be entered  
249 into directly by the provider or by a provider network to which  
250 the provider belongs.

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

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

255 (b) The amount or amounts of the discounts or,  
 256 alternatively, a fee schedule which reflects the provider's  
 257 discounted rates.

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

260 (3) A provider agreement between a discount ~~medical~~ plan  
 261 organization and a provider network must ~~shall~~ require that the  
 262 provider network have written agreements with its providers  
 263 which:

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

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

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

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

273 Section 8. Section 636.216, Florida Statutes, is amended  
 274 to read:

275 636.216 ~~Charge or~~ Form filings.-

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

282           ~~(2)~~ There must be a written agreement between the discount  
283           ~~medical~~ plan organization and the member specifying the benefits  
284           under the discount ~~medical~~ plan and complying with the  
285           disclosure requirements of this part.

286           (2)(3) ~~All forms used, including~~ The written agreement  
287           pursuant to subsection (1)(2), membership applications, and  
288           fulfillment materials that describe medical services as defined  
289           in this part must first be filed with and approved by the  
290           office. Every form filed shall be identified by a unique form  
291           number placed in the lower left corner of each form. A form  
292           previously approved by the office is not required to be approved  
293           unless the form is materially changed. For purposes of this  
294           subsection, a material change does not include a change in  
295           charges, a change to the name of the marketer or entity  
296           distributing the plan, the deletion of benefits, or the addition  
297           of benefits that are not medical services as defined in this  
298           part.

299           (3)(4) A ~~charge or~~ form is considered approved on the 60th  
300           day after its date of filing unless it has been previously

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301 disapproved by the office. The office shall disapprove any form  
302 that does not meet the requirements of this part or that is  
303 unreasonable, discriminatory, misleading, or unfair. If such  
304 filings are disapproved, the office must ~~shall~~ notify the  
305 discount ~~medical~~ plan organization and must ~~shall~~ specify in the  
306 notice the reasons for disapproval.

307 Section 9. Section 636.228, Florida Statutes, is amended  
308 to read:

309 636.228 Marketing of discount ~~medical~~ plans.—

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

313 (2) The discount ~~medical~~ plan organization must ~~shall~~ have  
314 an executed written agreement with a marketer before ~~prior to~~  
315 the marketer's marketing, promoting, selling, or distributing  
316 the discount ~~medical~~ plan. Such agreement must ~~shall~~ prohibit  
317 the marketer from using marketing materials, brochures, and  
318 discount cards without the approval in writing by the discount  
319 ~~medical~~ plan organization. The discount ~~medical~~ plan  
320 organization may delegate functions to its marketers but shall  
321 be bound by any acts of its marketers, within the scope of the  
322 delegation, which ~~marketers' agency, that~~ do not comply with the  
323 ~~provisions of~~ this part.

324 Section 10. Section 636.230, Florida Statutes, is amended  
325 to read:

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326           636.230 Bundling discount ~~medical~~ plans with other  
327 products.—A marketer or discount plan organization selling a  
328 discount plan with medical services and other services may  
329 commingle those products on a single page of forms,  
330 advertisements, marketing materials, or brochures. The office's  
331 approval of forms only pertains to the medical services  
332 regulated by this part ~~When a marketer or discount medical plan~~  
333 ~~organization sells a discount medical plan together with any~~  
334 ~~other product, the fees for the discount medical plan must be~~  
335 ~~provided in writing to the member if the fees exceed \$30.~~

336           Section 11. Paragraph (b) of subsection (5) of section  
337 408.9091, Florida Statutes, is amended to read:

338           408.9091 Cover Florida Health Care Access Program.—

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

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

348           Section 12. Paragraph (d) of subsection (2) and paragraph  
349 (d) of subsection (4) of section 408.910, Florida Statutes, are  
350 amended to read:

351 408.910 Florida Health Choices Program.—

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

353 (d) "Insurer" means an entity licensed under chapter 624  
 354 which offers an individual health insurance policy or a group  
 355 health insurance policy, a preferred provider organization as  
 356 defined in s. 627.6471, an exclusive provider organization as  
 357 defined in s. 627.6472, ~~or~~ a health maintenance organization  
 358 licensed under part I of chapter 641, or a prepaid limited  
 359 health service organization or discount ~~medical~~ plan  
 360 organization licensed under chapter 636.

361 (4) ELIGIBILITY AND PARTICIPATION.—Participation in the  
 362 program is voluntary and shall be available to employers,  
 363 individuals, vendors, and health insurance agents as specified  
 364 in this subsection.

365 (d) All eligible vendors who choose to participate and the  
 366 products and services that the vendors are permitted to sell are  
 367 as follows:

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

371 2. Health maintenance organizations licensed under part I  
 372 of chapter 641 may sell health maintenance contracts, limited  
 373 benefit policies, other risk-bearing products, and other  
 374 products or services.

375 3. Prepaid limited health service organizations may sell

376 products and services as authorized under part I of chapter 636,  
377 and discount ~~medical~~ plan organizations may sell products and  
378 services as authorized under part II of chapter 636.

379 4. Prepaid health clinic service providers licensed under  
380 part II of chapter 641 may sell prepaid service contracts and  
381 other arrangements for a specified amount and type of health  
382 services or treatments.

383 5. Health care providers, including hospitals and other  
384 licensed health facilities, health care clinics, licensed health  
385 professionals, pharmacies, and other licensed health care  
386 providers, may sell service contracts and arrangements for a  
387 specified amount and type of health services or treatments.

388 6. Provider organizations, including service networks,  
389 group practices, professional associations, and other  
390 incorporated organizations of providers, may sell service  
391 contracts and arrangements for a specified amount and type of  
392 health services or treatments.

393 7. Corporate entities providing specific health services  
394 in accordance with applicable state law may sell service  
395 contracts and arrangements for a specified amount and type of  
396 health services or treatments.

397  
398 A vendor described in subparagraphs 3.-7. may not sell products  
399 that provide risk-bearing coverage unless that vendor is  
400 authorized under a certificate of authority issued by the Office



401 of Insurance Regulation and is authorized to provide coverage in  
402 the relevant geographic area. Otherwise eligible vendors may be  
403 excluded from participating in the program for deceptive or  
404 predatory practices, financial insolvency, or failure to comply  
405 with the terms of the participation agreement or other standards  
406 set by the corporation.

407 Section 13. Subsection (11) of section 627.64731, Florida  
408 Statutes, is amended to read:

409 627.64731 Leasing, renting, or granting access to a  
410 participating provider.—

411 (11) This section does not apply to a contract between a  
412 contracting entity and a discount ~~medical~~ plan organization  
413 licensed or exempt under part II of chapter 636.

414 Section 14. Paragraph (c) of subsection (7) of section  
415 636.003, Florida Statutes, is amended to read:

416 636.003 Definitions.—As used in this act, the term:

417 (7) "Prepaid limited health service organization" means  
418 any person, corporation, partnership, or any other entity which,  
419 in return for a prepayment, undertakes to provide or arrange  
420 for, or provide access to, the provision of a limited health  
421 service to enrollees through an exclusive panel of providers.  
422 Prepaid limited health service organization does not include:

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

425 Section 15. Paragraphs (c) and (d) of subsection (1) of

426 section 636.205, Florida Statutes, are amended to read:

427 636.205 Issuance of license; denial.—

428 (1) Following receipt of an application filed pursuant to  
429 s. 636.204, the office shall review the application and notify  
430 the applicant of any deficiencies contained therein. The office  
431 shall issue a license to an applicant who has filed a completed  
432 application pursuant to s. 636.204 upon payment of the fees  
433 specified in s. 636.204 and upon the office being satisfied that  
434 the following conditions are met:

435 (c) The ownership, control, and management of the entity  
436 are competent and trustworthy and possess managerial experience  
437 that would make the proposed operation beneficial to the  
438 subscribers. The office may ~~shall~~ not grant or continue to grant  
439 authority to transact the business of a discount ~~medical~~ plan  
440 organization in this state at any time during which the office  
441 has good reason to believe that the ownership, control, or  
442 management of the organization includes any person whose  
443 business operations are or have been marked by business  
444 practices or conduct that is detrimental to the public,  
445 stockholders, investors, or creditors.

446 (d) The discount ~~medical~~ plan organization has a complaint  
447 procedure that will facilitate the resolution of subscriber  
448 grievances and that includes both formal and informal steps  
449 available within the organization.

450 Section 16. Section 636.206, Florida Statutes, is amended

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451 to read:

452 636.206 Examinations and investigations.—

453 (1) The office may examine or investigate the business and  
454 affairs of any discount ~~medical~~ plan organization. The office  
455 may order any discount ~~medical~~ plan organization or applicant to  
456 produce any records, books, files, advertising and solicitation  
457 materials, or other information and may take statements under  
458 oath to determine whether the discount ~~medical~~ plan organization  
459 or applicant is in violation of the law or is acting contrary to  
460 the public interest. The expenses incurred in conducting any  
461 examination or investigation must be paid by the discount  
462 ~~medical~~ plan organization or applicant. Examinations and  
463 investigations must be conducted as provided in chapter 624.

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

467 Section 17. Section 636.207, Florida Statutes, is amended  
468 to read:

469 636.207 Applicability of part.—Except as otherwise  
470 provided in this part, discount ~~medical~~ plan organizations are  
471 governed by ~~the provisions of~~ this part and are exempt from the  
472 Florida Insurance Code unless specifically referenced.

473 Section 18. Section 636.210, Florida Statutes, is amended  
474 to read:

475 636.210 Prohibited activities of a discount ~~medical~~ plan

476 organization.—

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

478 (a) Use in its advertisements, marketing material,  
479 brochures, and discount cards the term "insurance" except as  
480 otherwise provided in this part or as a disclaimer of any  
481 relationship between discount ~~medical~~ plan organization benefits  
482 and insurance;

483 (b) Use in its advertisements, marketing material,  
484 brochures, and discount cards the terms "health plan,"  
485 "coverage," "copay," "copayments," "preexisting conditions,"  
486 "guaranteed issue," "premium," "PPO," "preferred provider  
487 organization," or other terms in a manner that could reasonably  
488 mislead a person into believing the discount ~~medical~~ plan was  
489 health insurance;

490 (c) Have restrictions on free access to plan providers,  
491 including, but not limited to, waiting periods and notification  
492 periods; or

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

494 (2) A discount ~~medical~~ plan organization may not collect  
495 or accept money from a member for payment to a provider for  
496 specific medical services furnished or to be furnished to the  
497 member unless the organization has an active certificate of  
498 authority from the office to act as an administrator.

499 Section 19. Subsection (1), paragraphs (b), (c), and (d)  
500 of subsection (2), and subsection (3) of section 636.218,

501 Florida Statutes, are amended to read:

502 636.218 Annual reports.—

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

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

508 (b) If different from the initial application or the last  
 509 annual report, a list of the names and residence addresses of  
 510 all persons responsible for the conduct of the organization's  
 511 affairs, together with a disclosure of the extent and nature of  
 512 any contracts or arrangements between such persons and the  
 513 discount ~~medical~~ plan organization, including any possible  
 514 conflicts of interest.

515 (c) The number of discount ~~medical~~ plan members in the  
 516 state.

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

520 (3) Every discount ~~medical~~ plan organization that ~~which~~  
 521 fails to file an annual report in the form and within the time  
 522 required by this section shall forfeit up to \$500 for each day  
 523 for the first 10 days during which the neglect continues and  
 524 shall forfeit up to \$1,000 for each day after the first 10 days  
 525 during which the neglect continues; and, upon notice by the

526 | office to that effect, the organization's authority to enroll  
 527 | new members or to do business in this state ceases while such  
 528 | default continues. The office shall deposit all sums collected  
 529 | by the office under this section to the credit of the Insurance  
 530 | Regulatory Trust Fund. The office may not collect more than  
 531 | \$50,000 for each report.

532 |       Section 20. Section 636.220, Florida Statutes, is amended  
 533 | to read:

534 |           636.220 Minimum capital requirements.—

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

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

539 |       Section 21. Section 636.222, Florida Statutes, is amended  
 540 | to read:

541 |           636.222 Suspension or revocation of license; suspension of  
 542 | enrollment of new members; terms of suspension.—

543 |           (1) The office may suspend the authority of a discount  
 544 | ~~medical~~ plan organization to enroll new members, revoke any  
 545 | license issued to a discount ~~medical~~ plan organization, or order  
 546 | compliance if the office finds that any of the following  
 547 | conditions exist:

548 |           (a) The organization is not operating in compliance with  
 549 | this part.

550 |           (b) The organization does not have the minimum net worth

551 as required by this part.

552 (c) The organization has advertised, merchandised, or  
553 attempted to merchandise its services in such a manner as to  
554 misrepresent its services or capacity for service or has engaged  
555 in deceptive, misleading, or unfair practices with respect to  
556 advertising or merchandising.

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

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

561 (2) If the office has cause to believe that grounds for  
562 the suspension or revocation of a license exist, the office must  
563 ~~shall~~ notify the discount ~~medical~~ plan organization in writing  
564 specifically stating the grounds for suspension or revocation  
565 and shall pursue a hearing on the matter in accordance with ~~the~~  
566 ~~provisions of~~ chapter 120.

567 (3) When the license of a discount ~~medical~~ plan  
568 organization is surrendered or revoked, such organization must  
569 proceed, immediately following the effective date of the order  
570 of revocation, to wind up its affairs transacted under the  
571 license. The organization may not engage in any further  
572 advertising, solicitation, collecting of fees, or renewal of  
573 contracts.

574 (4) The office shall, in its order suspending the  
575 authority of a discount ~~medical~~ plan organization to enroll new

576 members, specify the period during which the suspension is to be  
577 in effect and the conditions, if any, which must be met by the  
578 discount ~~medical~~ plan organization before ~~prior to~~ reinstatement  
579 of its license to enroll new members. The order of suspension is  
580 subject to rescission or modification by further order of the  
581 office before ~~prior to~~ the expiration of the suspension period.  
582 Reinstatement may not be made unless requested by the discount  
583 ~~medical~~ plan organization; however, the office may not grant  
584 reinstatement if it finds that the circumstances for which the  
585 suspension occurred still exist or are likely to recur.

586 Section 22. Section 636.223, Florida Statutes, is amended  
587 to read:

588 636.223 Administrative penalty.—In lieu of suspending or  
589 revoking a certificate of authority whenever any discount  
590 ~~medical~~ plan organization has been found to have violated any  
591 provision of this part, the office may:

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

596 (2) Impose a monetary penalty of not less than \$100 for  
597 each violation, but not to exceed an aggregate penalty of  
598 \$75,000.

599 Section 23. Section 636.224, Florida Statutes, is amended  
600 to read:



601           636.224 Notice of change of name or address of discount  
 602 ~~medical~~ plan organization.—Each discount ~~medical~~ plan  
 603 organization must provide the office at least 30 days' advance  
 604 notice of any change in the discount ~~medical~~ plan organization's  
 605 name, address, principal business address, or mailing address.

606           Section 24. Section 636.226, Florida Statutes, is amended  
 607 to read:

608           636.226 Provider name listing.—Each discount ~~medical~~ plan  
 609 organization must maintain on an Internet website an up-to-date  
 610 list of the names and addresses of the providers with which it  
 611 has contracted, ~~on an Internet website page~~, the address of  
 612 which must ~~shall~~ be prominently displayed on all its  
 613 advertisements, marketing materials, brochures, and discount  
 614 cards. This section applies to those providers with whom the  
 615 discount ~~medical~~ plan organization has contracted directly, as  
 616 well as those who are members of a provider network with which  
 617 the discount ~~medical~~ plan organization has contracted.

618           Section 25. Section 636.232, Florida Statutes, is amended  
 619 to read:

620           636.232 Rules.—The commission may adopt rules to  
 621 administer this part, including rules for the licensing of  
 622 discount ~~medical~~ plan organizations; establishing standards for  
 623 evaluating forms, advertisements, marketing materials,  
 624 brochures, and discount cards; providing for the collection of  
 625 data; relating to disclosures to plan members; and defining

626 terms used in this part.

627 Section 26. Section 636.234, Florida Statutes, is amended  
628 to read:

629 636.234 Service of process on a discount ~~medical~~ plan  
630 organization.—Sections 624.422 and 624.423 apply to a discount  
631 ~~medical~~ plan organization as if the discount ~~medical~~ plan  
632 organization were an insurer.

633 Section 27. Section 636.236, Florida Statutes, is amended  
634 to read:

635 636.236 Surety bond or security deposit.—

636 (1) Each discount ~~medical~~ plan organization licensed  
637 pursuant to ~~the provisions of~~ this part shall ~~must~~ maintain in  
638 force a surety bond in its own name in an amount not less than  
639 \$35,000 to be used at the discretion of the office to protect  
640 the financial interests of members who may be adversely affected  
641 by the insolvency of a discount ~~medical~~ plan organization. The  
642 bond must be issued by an insurance company that is licensed to  
643 do business in this state.

644 (2) In lieu of the bond specified in subsection (1), a  
645 licensed discount ~~medical~~ plan organization may deposit and  
646 maintain deposited in trust with the department securities  
647 eligible for deposit under s. 625.52 having at all times a value  
648 of not less than \$35,000. If a licensed discount ~~medical~~ plan  
649 organization substitutes its deposited securities under this  
650 subsection with a surety bond authorized in subsection (1), such

651 deposited securities must ~~shall~~ be returned to the discount  
652 ~~medical~~ plan organization no later than 45 days following the  
653 effective date of the surety bond.

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

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

661 636.238 Penalties for violation of this part.—

662 (2) A person who operates as or willfully aids and abets  
663 another operating as a discount ~~medical~~ plan organization in  
664 violation of s. 636.204(1) commits a felony punishable as  
665 provided for in s. 624.401(4)(b), as if the unlicensed discount  
666 ~~medical~~ plan organization were an unauthorized insurer, and the  
667 fees, dues, charges, or other consideration collected from the  
668 members by the unlicensed discount ~~medical~~ plan organization or  
669 marketer were insurance premium.

670 (3) A person who collects fees for purported membership in  
671 a discount ~~medical~~ plan but purposefully fails to provide the  
672 promised benefits commits a theft, punishable as provided in s.  
673 812.014.

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

676 |           636.240 Injunctions.—

677 |           (1) In addition to the penalties and other enforcement  
678 | provisions of this part, the office may seek both temporary and  
679 | permanent injunctive relief when:

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

682 |           (b) Any person, entity, or discount ~~medical~~ plan  
683 | organization has engaged in any activity prohibited by this part  
684 | or any rule adopted pursuant to this part.

685 |           Section 30. Section 636.244, Florida Statutes, is amended  
686 | to read:

687 |           636.244 Unlicensed discount ~~medical~~ plan organizations.—  
688 | Sections ~~The provisions of ss.~~ 626.901-626.912 apply to the  
689 | activities of an unlicensed discount ~~medical~~ plan organization  
690 | as if the unlicensed discount ~~medical~~ plan organization were an  
691 | unauthorized insurer.

692 |           Section 31. This act shall take effect upon becoming a  
693 | law.

694 |