



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; amending s.
7 636.206, F.S.; conforming provisions to changes made
8 by the act; providing record keeping requirements for
9 discount plan organizations; amending s. 636.208,
10 F.S.; conforming provisions to changes made by the
11 act; revising a specified condition for a member to
12 receive a reimbursement of certain charges after
13 cancelling a membership in a discount plan
14 organization; amending s. 636.212, F.S.; requiring
15 discount plan organizations or marketers to provide
16 prospective members with certain disclosures;
17 requiring prospective members to acknowledge the
18 receipt and acceptance of such disclosures before
19 enrolling in a discount plan; specifying what a first
20 page is for the purpose of a disclosure requirement on
21 certain materials relating to a discount plan;
22 providing requirements for disclosures made in
23 writing, by electronic means, and by telephone;
24 amending s. 636.214, F.S.; making a technical change;
25 conforming provisions to changes made by the act;



26 | amending s. 636.216, F.S.; deleting provisions
27 | relating to requirements to file with and obtain
28 | approval from the Department of Financial Services of
29 | certain charges and forms; conforming provisions to
30 | changes made by the act; amending s. 636.228, F.S.;
31 | conforming provisions to changes made by the act;
32 | authorizing a discount plan organization to delegate
33 | functions to its marketers; providing that the
34 | discount plan organization is bound to acts of its
35 | marketers within the scope of delegation; amending s.
36 | 636.230, F.S.; authorizing a marketer or discount plan
37 | organization to commingle certain products on a single
38 | page of certain documents; deleting a requirement for
39 | discount medical plan fees to be provided in writing
40 | under certain circumstances; amending s. 636.232,
41 | F.S.; revising the authority for the Financial
42 | Services Commission to adopt rules; amending ss.
43 | 408.9091, 408.910, 627.64731, 636.003, 636.205,
44 | 636.207, 636.210, 636.218, 636.220, 636.222, 636.223,
45 | 636.224, 636.226, 636.234, 636.236, 636.238, 636.240,
46 | and 636.244, F.S.; conforming provisions to changes
47 | made by the act; providing an effective date.

48 |
49 | Be It Enacted by the Legislature of the State of Florida:
50 |



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

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

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

60 636.202 Definitions.—As used in this part, the term:

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

74 (2) "Discount ~~medical~~ plan organization" means an entity
75 that ~~which~~, in exchange for fees, dues, charges, or other



76 | consideration, provides access for plan members to providers of
77 | medical services and the right to receive medical services from
78 | those providers at a discount. Until June 30, 2018, a discount
79 | plan organization may also be referred to as a discount medical
80 | plan organization.

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

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

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

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



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

105 Section 4. Subsections (1), (2), (4), and (6) of section
106 636.204, Florida Statutes, are amended to read:

107 636.204 License required.—

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

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

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

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



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

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

143 (e) A statement generally describing the applicant, its
144 facilities and personnel, and the medical services to be
145 offered.

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

149 (g) A copy of the form of any contract made or arrangement
150 to be made between the applicant and any person listed in



151 paragraph (c).

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

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

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

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

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

173 (m) Such other information as the commission or office may
174 reasonably require to make the determinations required by this
175 part.



CS/HB 577, Engrossed 1

2017

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

179 (6) This part does not require ~~Nothing in this part~~
180 ~~requires~~ a provider who provides discounts to his or her own
181 patients to obtain and maintain a license as a discount ~~medical~~
182 plan organization.

183 Section 5. Section 636.206, Florida Statutes, is amended
184 to read:

185 636.206 Examinations and investigations.—

186 (1) The office may examine or investigate the business and
187 affairs of any discount ~~medical~~ plan organization. The office
188 may order any discount ~~medical~~ plan organization or applicant to
189 produce any records, books, files, advertising and solicitation
190 materials, or other information and may take statements under
191 oath to determine whether the discount ~~medical~~ plan organization
192 or applicant is in violation of the law or is acting contrary to
193 the public interest. The expenses incurred in conducting any
194 examination or investigation must be paid by the discount
195 ~~medical~~ plan organization or applicant. Examinations and
196 investigations must be conducted as provided in chapter 624. For
197 the duration of the agreement with a member, and for 5 years
198 thereafter, a discount plan organization must maintain an
199 accurate record of each member, including the membership
200 materials provided to the member, the discount plan issued to



201 the member, and the charges billed and paid by the member, in a
202 form accessible to the office during an examination or
203 investigation.

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

207 Section 6. Section 636.208, Florida Statutes, is amended
208 to read:

209 636.208 Fees; charges; reimbursement.—

210 (1) A discount ~~medical~~ plan organization may charge a
211 periodic charge as well as a reasonable one-time processing fee
212 for a discount ~~medical~~ plan.

213 (2) (a) If the member cancels his or her membership in the
214 discount ~~medical~~ plan organization within the first 30 days
215 after the effective date of enrollment in the plan, the member
216 shall receive a reimbursement of all periodic charges upon
217 return of the discount card to the discount ~~medical~~ plan
218 organization.

219 (b) If the member cancels his or her membership in the
220 discount plan organization after the first 30 days, the discount
221 plan organization:

222 1. Must cancel the membership on or before 30 days after
223 receipt of the member's cancellation request.

224 2. May not charge the member any fees after the effective
225 date of the cancellation of the membership.



226 3. Must provide a pro rata reimbursement of periodic
227 charges made for months after cancellation date.

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

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

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

243 Section 7. Section 636.212, Florida Statutes, is amended
244 to read:

245 636.212 Disclosures.—A discount plan organization or
246 marketer must provide disclosures to a prospective member and
247 the prospective member must acknowledge the acceptance of such
248 disclosures before enrolling in a discount plan. A discount plan
249 organization or marketer may make additional disclosures to
250 those described in paragraph (1) (a). ~~The following disclosures~~



251 ~~must be made in writing to any prospective member and must be on~~
252 ~~the first page of any advertisements, marketing materials, or~~
253 ~~brochures relating to a discount medical plan. The disclosures~~
254 ~~must be printed in not less than 12-point type:~~

255 (1) (a) A disclosure must include:

256 1. That the plan is not insurance.

257 2. ~~(2)~~ That the plan provides discounts at certain health
258 care providers for medical services.

259 3. ~~(3)~~ That the plan does not make payments directly to the
260 providers of medical services.

261 4. ~~(4)~~ That the plan member is obligated to pay for all
262 health care services but will receive a discount from those
263 health care providers who have contracted with the discount plan
264 organization.

265 5. ~~(5)~~ The name and address of the licensed discount
266 medical plan organization.

267 (b) The first page of any written advertisements,
268 marketing materials, or brochures relating to a discount plan
269 must include the required disclosures in paragraph (a). The
270 first page is the page that first includes the information that
271 describes benefits of the discount plan. The disclosures must be
272 printed in not less than 12-point type.

273 (c) Disclosures provided by electronic means must include
274 disclosures required in paragraph (a). The disclosures must be
275 in a font size and color that is readable.



276 (d) Disclosures made by telephone must include the
277 disclosures in paragraph (a) and the prospective or new member
278 must be provided with written disclosures in accordance with
279 paragraph (b) in the initial written materials provided.

280

281 ~~If the initial contract is made by telephone, the disclosures~~
282 ~~required by this section shall be made orally and provided in~~
283 ~~the initial written materials that describe the benefits under~~
284 ~~the discount medical plan provided to the prospective or new~~
285 ~~member.~~

286 Section 8. Section 636.214, Florida Statutes, is amended
287 to read:

288 636.214 Provider agreements.—

289 (1) All providers offering medical services to members
290 under a discount ~~medical~~ plan must provide such services
291 pursuant to a written agreement. The agreement may be entered
292 into directly by the provider or by a provider network to which
293 the provider belongs.

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

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

298 (b) The amount or amounts of the discounts or,
299 alternatively, a fee schedule which reflects the provider's
300 discounted rates.



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

303 (3) A provider agreement between a discount ~~medical~~ plan
304 organization and a provider network must ~~shall~~ require that the
305 provider network have written agreements with its providers
306 which:

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

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

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

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

316 Section 9. Section 636.216, Florida Statutes, is amended
317 to read:

318 636.216 Written agreement ~~Charge or Form filings.~~

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

325 ~~(2)~~ There must be a written agreement between the discount



326 ~~medical~~ plan organization and the member specifying the benefits
327 under the discount ~~medical~~ plan and complying with the
328 disclosure requirements of this part.

329 ~~(3) All forms used, including The written agreement~~
330 ~~pursuant to subsection (2), must first be filed with and~~
331 ~~approved by the office. Every form filed shall be identified by~~
332 ~~a unique form number placed in the lower left corner of each~~
333 ~~form.~~

334 ~~(4) A charge or form is considered approved on the 60th~~
335 ~~day after its date of filing unless it has been previously~~
336 ~~disapproved by the office. The office shall disapprove any form~~
337 ~~that does not meet the requirements of this part or that is~~
338 ~~unreasonable, discriminatory, misleading, or unfair. If such~~
339 ~~filings are disapproved, the office shall notify the discount~~
340 ~~medical plan organization and shall specify in the notice the~~
341 ~~reasons for disapproval.~~

342 Section 10. Section 636.228, Florida Statutes, is amended
343 to read:

344 636.228 Marketing of discount ~~medical~~ plans.—

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

348 (2) The discount ~~medical~~ plan organization must ~~shall~~ have
349 an executed written agreement with a marketer before ~~prior to~~
350 the marketer's marketing, promoting, selling, or distributing



CS/HB 577, Engrossed 1

2017

351 the discount ~~medical~~ plan. Such agreement must ~~shall~~ prohibit
352 the marketer from using marketing materials, brochures, and
353 discount cards without the approval in writing by the discount
354 ~~medical~~ plan organization. The discount ~~medical~~ plan
355 organization may delegate functions to its marketers but shall
356 be bound by any acts of its marketers, within the scope of the
357 delegation, which ~~marketers' agency, that~~ do not comply with ~~the~~
358 ~~provisions of~~ this part.

359 Section 11. Section 636.230, Florida Statutes, is amended
360 to read:

361 636.230 Bundling discount ~~medical~~ plans with other
362 products.—A marketer or discount plan organization selling a
363 discount plan with medical services and other services may
364 commingle those products on a single page of forms,
365 advertisements, marketing materials, or brochures ~~When a~~
366 ~~marketer or discount medical plan organization sells a discount~~
367 ~~medical plan together with any other product, the fees for the~~
368 ~~discount medical plan must be provided in writing to the member~~
369 ~~if the fees exceed \$30.~~

370 Section 12. Section 636.232, Florida Statutes, is amended
371 to read:

372 636.232 Rules.—The commission may adopt rules to
373 administer this part, including rules for the licensing of
374 discount ~~medical~~ plan organizations; ~~establishing standards for~~
375 ~~evaluating forms, advertisements, marketing materials,~~



376 ~~brochures, and discount cards;~~ providing for the collection of
377 data; relating to disclosures to plan members; and defining
378 terms used in this part.

379 Section 13. Paragraph (b) of subsection (5) of section
380 408.9091, Florida Statutes, is amended to read:

381 408.9091 Cover Florida Health Care Access Program.—

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

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

391 Section 14. Paragraph (d) of subsection (2) and paragraph
392 (d) of subsection (4) of section 408.910, Florida Statutes, are
393 amended to read:

394 408.910 Florida Health Choices Program.—

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

396 (d) "Insurer" means an entity licensed under chapter 624
397 which offers an individual health insurance policy or a group
398 health insurance policy, a preferred provider organization as
399 defined in s. 627.6471, an exclusive provider organization as
400 defined in s. 627.6472, ~~or~~ a health maintenance organization



401 licensed under part I of chapter 641, or a prepaid limited
402 health service organization or discount ~~medical~~ plan
403 organization licensed under chapter 636.

404 (4) ELIGIBILITY AND PARTICIPATION.—Participation in the
405 program is voluntary and shall be available to employers,
406 individuals, vendors, and health insurance agents as specified
407 in this subsection.

408 (d) All eligible vendors who choose to participate and the
409 products and services that the vendors are permitted to sell are
410 as follows:

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

414 2. Health maintenance organizations licensed under part I
415 of chapter 641 may sell health maintenance contracts, limited
416 benefit policies, other risk-bearing products, and other
417 products or services.

418 3. Prepaid limited health service organizations may sell
419 products and services as authorized under part I of chapter 636,
420 and discount ~~medical~~ plan organizations may sell products and
421 services as authorized under part II of chapter 636.

422 4. Prepaid health clinic service providers licensed under
423 part II of chapter 641 may sell prepaid service contracts and
424 other arrangements for a specified amount and type of health
425 services or treatments.



426 5. Health care providers, including hospitals and other
427 licensed health facilities, health care clinics, licensed health
428 professionals, pharmacies, and other licensed health care
429 providers, may sell service contracts and arrangements for a
430 specified amount and type of health services or treatments.

431 6. Provider organizations, including service networks,
432 group practices, professional associations, and other
433 incorporated organizations of providers, may sell service
434 contracts and arrangements for a specified amount and type of
435 health services or treatments.

436 7. Corporate entities providing specific health services
437 in accordance with applicable state law may sell service
438 contracts and arrangements for a specified amount and type of
439 health services or treatments.

440
441 A vendor described in subparagraphs 3.-7. may not sell products
442 that provide risk-bearing coverage unless that vendor is
443 authorized under a certificate of authority issued by the Office
444 of Insurance Regulation and is authorized to provide coverage in
445 the relevant geographic area. Otherwise eligible vendors may be
446 excluded from participating in the program for deceptive or
447 predatory practices, financial insolvency, or failure to comply
448 with the terms of the participation agreement or other standards
449 set by the corporation.

450 Section 15. Subsection (11) of section 627.64731, Florida



451 Statutes, is amended to read:

452 627.64731 Leasing, renting, or granting access to a
453 participating provider.—

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

457 Section 16. Paragraph (c) of subsection (7) of section
458 636.003, Florida Statutes, is amended to read:

459 636.003 Definitions.—As used in this act, the term:

460 (7) "Prepaid limited health service organization" means
461 any person, corporation, partnership, or any other entity which,
462 in return for a prepayment, undertakes to provide or arrange
463 for, or provide access to, the provision of a limited health
464 service to enrollees through an exclusive panel of providers.
465 Prepaid limited health service organization does not include:

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

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

470 636.205 Issuance of license; denial.—

471 (1) Following receipt of an application filed pursuant to
472 s. 636.204, the office shall review the application and notify
473 the applicant of any deficiencies contained therein. The office
474 shall issue a license to an applicant who has filed a completed
475 application pursuant to s. 636.204 upon payment of the fees



476 | specified in s. 636.204 and upon the office being satisfied that
477 | the following conditions are met:

478 | (c) The ownership, control, and management of the entity
479 | are competent and trustworthy and possess managerial experience
480 | that would make the proposed operation beneficial to the
481 | subscribers. The office may ~~shall~~ not grant or continue to grant
482 | authority to transact the business of a discount ~~medical~~ plan
483 | organization in this state at any time during which the office
484 | has good reason to believe that the ownership, control, or
485 | management of the organization includes any person whose
486 | business operations are or have been marked by business
487 | practices or conduct that is detrimental to the public,
488 | stockholders, investors, or creditors.

489 | (d) The discount ~~medical~~ plan organization has a complaint
490 | procedure that will facilitate the resolution of subscriber
491 | grievances and that includes both formal and informal steps
492 | available within the organization.

493 | Section 18. Section 636.207, Florida Statutes, is amended
494 | to read:

495 | 636.207 Applicability of part.—Except as otherwise
496 | provided in this part, discount ~~medical~~ plan organizations are
497 | governed by ~~the provisions of~~ this part and are exempt from the
498 | Florida Insurance Code unless specifically referenced.

499 | Section 19. Section 636.210, Florida Statutes, is amended
500 | to read:



501 636.210 Prohibited activities of a discount ~~medical~~ plan
502 organization.—

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

504 (a) Use in its advertisements, marketing material,
505 brochures, and discount cards the term "insurance" except as
506 otherwise provided in this part or as a disclaimer of any
507 relationship between discount ~~medical~~ plan organization benefits
508 and insurance;

509 (b) Use in its advertisements, marketing material,
510 brochures, and discount cards the terms "health plan,"
511 "coverage," "copay," "copayments," "preexisting conditions,"
512 "guaranteed issue," "premium," "PPO," "preferred provider
513 organization," or other terms in a manner that could reasonably
514 mislead a person into believing the discount ~~medical~~ plan was
515 health insurance;

516 (c) Have restrictions on free access to plan providers,
517 including, but not limited to, waiting periods and notification
518 periods; or

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

520 (2) A discount ~~medical~~ plan organization may not collect
521 or accept money from a member for payment to a provider for
522 specific medical services furnished or to be furnished to the
523 member unless the organization has an active certificate of
524 authority from the office to act as an administrator.

525 Section 20. Subsection (1), paragraphs (b), (c), and (d)



526 of subsection (2), and subsection (3) of section 636.218,
527 Florida Statutes, are amended to read:

528 636.218 Annual reports.—

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

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

534 (b) If different from the initial application or the last
535 annual report, a list of the names and residence addresses of
536 all persons responsible for the conduct of the organization's
537 affairs, together with a disclosure of the extent and nature of
538 any contracts or arrangements between such persons and the
539 discount ~~medical~~ plan organization, including any possible
540 conflicts of interest.

541 (c) The number of discount ~~medical~~ plan members in the
542 state.

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

546 (3) Every discount ~~medical~~ plan organization that ~~which~~
547 fails to file an annual report in the form and within the time
548 required by this section shall forfeit up to \$500 for each day
549 for the first 10 days during which the neglect continues and
550 shall forfeit up to \$1,000 for each day after the first 10 days



551 during which the neglect continues; and, upon notice by the
552 office to that effect, the organization's authority to enroll
553 new members or to do business in this state ceases while such
554 default continues. The office shall deposit all sums collected
555 by the office under this section to the credit of the Insurance
556 Regulatory Trust Fund. The office may not collect more than
557 \$50,000 for each report.

558 Section 21. Section 636.220, Florida Statutes, is amended
559 to read:

560 636.220 Minimum capital requirements.—

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

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

565 Section 22. Section 636.222, Florida Statutes, is amended
566 to read:

567 636.222 Suspension or revocation of license; suspension of
568 enrollment of new members; terms of suspension.—

569 (1) The office may suspend the authority of a discount
570 ~~medical~~ plan organization to enroll new members, revoke any
571 license issued to a discount ~~medical~~ plan organization, or order
572 compliance if the office finds that any of the following
573 conditions exist:

574 (a) The organization is not operating in compliance with
575 this part.



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

578 (c) The organization has advertised, merchandised, or
579 attempted to merchandise its services in such a manner as to
580 misrepresent its services or capacity for service or has engaged
581 in deceptive, misleading, or unfair practices with respect to
582 advertising or merchandising.

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

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

587 (2) If the office has cause to believe that grounds for
588 the suspension or revocation of a license exist, the office must
589 ~~shall~~ notify the discount ~~medical~~ plan organization in writing
590 specifically stating the grounds for suspension or revocation
591 and shall pursue a hearing on the matter in accordance with ~~the~~
592 ~~provisions of~~ chapter 120.

593 (3) When the license of a discount ~~medical~~ plan
594 organization is surrendered or revoked, such organization must
595 proceed, immediately following the effective date of the order
596 of revocation, to wind up its affairs transacted under the
597 license. The organization may not engage in any further
598 advertising, solicitation, collecting of fees, or renewal of
599 contracts.

600 (4) The office shall, in its order suspending the



601 authority of a discount ~~medical~~ plan organization to enroll new
602 members, specify the period during which the suspension is to be
603 in effect and the conditions, if any, which must be met by the
604 discount ~~medical~~ plan organization before ~~prior to~~ reinstatement
605 of its license to enroll new members. The order of suspension is
606 subject to rescission or modification by further order of the
607 office before ~~prior to~~ the expiration of the suspension period.
608 Reinstatement may not be made unless requested by the discount
609 ~~medical~~ plan organization; however, the office may not grant
610 reinstatement if it finds that the circumstances for which the
611 suspension occurred still exist or are likely to recur.

612 Section 23. Section 636.223, Florida Statutes, is amended
613 to read:

614 636.223 Administrative penalty.—In lieu of suspending or
615 revoking a certificate of authority whenever any discount
616 ~~medical~~ plan organization has been found to have violated any
617 provision of this part, the office may:

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

622 (2) Impose a monetary penalty of not less than \$100 for
623 each violation, but not to exceed an aggregate penalty of
624 \$75,000.

625 Section 24. Section 636.224, Florida Statutes, is amended



CS/HB 577, Engrossed 1

2017

626 to read:

627 636.224 Notice of change of name or address of discount
628 ~~medical~~ plan organization.—Each discount ~~medical~~ plan
629 organization must provide the office at least 30 days' advance
630 notice of any change in the discount ~~medical~~ plan organization's
631 name, address, principal business address, or mailing address.

632 Section 25. Section 636.226, Florida Statutes, is amended
633 to read:

634 636.226 Provider name listing.—Each discount ~~medical~~ plan
635 organization must maintain on an Internet website an up-to-date
636 list of the names and addresses of the providers with which it
637 has contracted, ~~on an Internet website page~~, the address of
638 which must ~~shall~~ be prominently displayed on all its
639 advertisements, marketing materials, brochures, and discount
640 cards. This section applies to those providers with whom the
641 discount ~~medical~~ plan organization has contracted directly, as
642 well as those who are members of a provider network with which
643 the discount ~~medical~~ plan organization has contracted.

644 Section 26. Section 636.234, Florida Statutes, is amended
645 to read:

646 636.234 Service of process on a discount ~~medical~~ plan
647 organization.—Sections 624.422 and 624.423 apply to a discount
648 ~~medical~~ plan organization as if the discount ~~medical~~ plan
649 organization were an insurer.

650 Section 27. Section 636.236, Florida Statutes, is amended



651 to read:

652 636.236 Surety bond or security deposit.—

653 (1) Each discount ~~medical~~ plan organization licensed
654 pursuant to ~~the provisions of~~ this part shall ~~must~~ maintain in
655 force a surety bond in its own name in an amount not less than
656 \$35,000 to be used at the discretion of the office to protect
657 the financial interests of members who may be adversely affected
658 by the insolvency of a discount ~~medical~~ plan organization. The
659 bond must be issued by an insurance company that is licensed to
660 do business in this state.

661 (2) In lieu of the bond specified in subsection (1), a
662 licensed discount ~~medical~~ plan organization may deposit and
663 maintain deposited in trust with the department securities
664 eligible for deposit under s. 625.52 having at all times a value
665 of not less than \$35,000. If a licensed discount ~~medical~~ plan
666 organization substitutes its deposited securities under this
667 subsection with a surety bond authorized in subsection (1), such
668 deposited securities must ~~shall~~ be returned to the discount
669 ~~medical~~ plan organization no later than 45 days following the
670 effective date of the surety bond.

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



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

678 636.238 Penalties for violation of this part.—

679 (2) A person who operates as or willfully aids and abets
680 another operating as a discount ~~medical~~ plan organization in
681 violation of s. 636.204(1) commits a felony punishable as
682 provided for in s. 624.401(4) (b), as if the unlicensed discount
683 ~~medical~~ plan organization were an unauthorized insurer, and the
684 fees, dues, charges, or other consideration collected from the
685 members by the unlicensed discount ~~medical~~ plan organization or
686 marketer were insurance premium.

687 (3) A person who collects fees for purported membership in
688 a discount ~~medical~~ plan but purposefully fails to provide the
689 promised benefits commits a theft, punishable as provided in s.
690 812.014.

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

693 636.240 Injunctions.—

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

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

699 (b) Any person, entity, or discount ~~medical~~ plan
700 organization has engaged in any activity prohibited by this part



CS/HB 577, Engrossed 1

2017

701 or any rule adopted pursuant to this part.

702 Section 30. Section 636.244, Florida Statutes, is amended
703 to read:

704 636.244 Unlicensed discount ~~medical~~ plan organizations.—
705 Sections ~~The provisions of ss.~~ 626.901-626.912 apply to the
706 activities of an unlicensed discount ~~medical~~ plan organization
707 as if the unlicensed discount ~~medical~~ plan organization were an
708 unauthorized insurer.

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