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1  
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;

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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.

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

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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

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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.

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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.

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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

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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.

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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



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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.

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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~~

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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.

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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.

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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

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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

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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,~~

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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



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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.

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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

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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

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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:

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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)

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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

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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.

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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



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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

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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

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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).

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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

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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.