

Bill No. CS for SB 2432

Barcode 185716

	CHAMBER ACTION	
<u>Senate</u>		<u>House</u>

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Senator Peaden moved the following amendment:

**Senate Amendment (with title amendment)**

On page 2, between lines 21 and 22,

insert:

Section 2. Subsection (2) of section 636.204, Florida Statutes, is amended to read:

636.204 License required.--

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

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

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

(c) A list of the names, addresses, official positions, and biographical information of the individuals who

Bill No. CS for SB 2432

Barcode 185716

1 are responsible for conducting the applicant's affairs,  
 2 including, but not limited to, all members of the board of  
 3 directors, board of trustees, executive committee, or other  
 4 governing board or committee, the officers, contracted  
 5 management company personnel, and any person or entity owning  
 6 or having the right to acquire 10 percent or more of the  
 7 voting securities of the applicant. Such listing must fully  
 8 disclose the extent and nature of any contracts or  
 9 arrangements between any individual who is responsible for  
 10 conducting the applicant's affairs and the discount medical  
 11 plan organization, including any possible conflicts of  
 12 interest.

13 (d) A complete biographical statement, on forms  
 14 prescribed by the commission, an independent investigation  
 15 report, and a set of fingerprints, as provided in chapter 624,  
 16 with respect to each individual identified under paragraph  
 17 (c).

18 (e) A statement generally describing the applicant,  
 19 its facilities and personnel, and the medical services to be  
 20 offered.

21 (f) A copy of the form of all contracts made or to be  
 22 made between the applicant and any providers or provider  
 23 networks regarding the provision of medical services to  
 24 members.

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

28 (h) A copy of the form of any contract made or to be  
 29 made between the applicant and any person, corporation,  
 30 partnership, or other entity for the performance on the  
 31 applicant's behalf of any function, including, but not limited

Bill No. CS for SB 2432

Barcode 185716

1 to, marketing, administration, enrollment, investment  
2 management, and subcontracting for the provision of health  
3 services to members.

4 (i) A copy of the applicant's most recent financial  
5 statements audited by an independent certified public  
6 accountant. An applicant that is a subsidiary of a parent  
7 entity that is publicly traded and that prepares audited  
8 financial statements reflecting the consolidated operations of  
9 the parent entity and the subsidiary may submit ~~petition the~~  
10 ~~office to accept~~, in lieu of the audited financial statement  
11 of the applicant, the audited financial statement of the  
12 parent entity and a written guaranty by the parent entity that  
13 the minimum capital requirements of the applicant required by  
14 this part will be met by the parent entity.

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

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

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

19 (m) Such other information as the commission or office  
20 may reasonably require to make the determinations required by  
21 this part.

22 Section 3. Subsection (1) of section 636.206, Florida  
23 Statutes, is amended to read:

24 636.206 Examinations and investigations.--

25 (1) The office may examine or investigate the business  
26 and affairs of any discount medical plan organization if the  
27 commissioner has reason to believe that the discount medical  
28 plan organization is not complying with the requirements of  
29 this part. The office may order any discount medical plan  
30 organization or applicant to produce any records, books,  
31 files, advertising and solicitation materials, or other

Bill No. CS for SB 2432

Barcode 185716

1 information and may take statements under oath to determine  
 2 whether the discount medical plan organization or applicant is  
 3 in violation of the law or is acting contrary to the public  
 4 interest. The expenses incurred in conducting any examination  
 5 or investigation must be paid by the discount medical plan  
 6 organization or applicant. Examinations and investigations  
 7 must be conducted as provided in chapter 624.

8 Section 4. Subsection (1) of section 636.210, Florida  
 9 Statutes, is amended to read:

10 636.210 Prohibited activities of a discount medical  
 11 plan organization.--

12 (1) A discount medical plan organization may not:

13 (a) Use in its advertisements, marketing material,  
 14 brochures, and discount cards the term "insurance" except as  
 15 otherwise provided in this part or as a disclaimer of any  
 16 relationship between discount medical plan organization  
 17 benefits and insurance;

18 (b) Use in its advertisements, marketing material,  
 19 brochures, and discount cards the terms "health plan,"  
 20 "coverage," "copay," "copayments," "preexisting conditions,"  
 21 "guaranteed issue," "premium," "PPO," "preferred provider  
 22 organization," or other terms in a manner that could  
 23 reasonably mislead a person into believing the discount  
 24 medical plan was health insurance;

25 (c) Have restrictions on free access to plan  
 26 providers, except for hospital services, including, but not  
 27 limited to, waiting periods and notification periods; or

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

29 Section 5. Subsection (1) of section 636.216, Florida  
 30 Statutes, is amended to read:

31 636.216 Charge or form filings.--

Bill No. CS for SB 2432

Barcode 185716

1           (1) All charges to members must be filed with the  
2 office. ~~and~~ Any charge to members greater than \$30 per month  
3 or \$360 per year for access to health care services other than  
4 those provided by physicians licensed under chapter 458 or  
5 chapter 459, or by hospitals licensed under chapter 395, must  
6 be approved by the office before the charges can be used. Any  
7 charge to members greater than \$60 per month or \$720 per year  
8 for health care services that include services provided by  
9 physicians licensed under chapter 458 or chapter 459, or by  
10 hospitals licensed under chapter 395, must be approved by the  
11 office before the charges may be used. The discount medical  
12 plan organization has the burden of proof that the charges  
13 bear a reasonable relation to the benefits received by the  
14 member.

15           Section 6. Section 636.218, Florida Statutes, is  
16 amended to read:

17           636.218 Annual reports.--

18           (1) Each discount medical plan organization must file  
19 with the office, within 3 months after the end of each fiscal  
20 year, an annual report.

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

23           ~~(a) Audited financial statements prepared in~~  
24 ~~accordance with generally accepted accounting principles~~  
25 ~~certified by an independent certified public accountant,~~  
26 ~~including the organization's balance sheet, income statement,~~  
27 ~~and statement of changes in cash flow for the preceding year.~~  
28 ~~An organization that is a subsidiary of a parent entity that~~  
29 ~~is publicly traded and that prepares audited financial~~  
30 ~~statements reflecting the consolidated operations of the~~  
31 ~~parent entity and the organization may petition the office to~~

Bill No. CS for SB 2432

Barcode 185716

1 ~~accept, in lieu of the audited financial statement of the~~  
 2 ~~organization, the audited financial statement of the parent~~  
 3 ~~entity and a written guaranty by the parent entity that the~~  
 4 ~~minimum capital requirements of the organization required by~~  
 5 ~~this part will be met by the parent entity.~~

6       (a)(b) If different from the initial application or  
 7 the last annual report, a list of the names and residence  
 8 addresses of all persons responsible for the conduct of the  
 9 organization's affairs, together with a disclosure of the  
 10 extent and nature of any contracts or arrangements between  
 11 such persons and the discount medical plan organization,  
 12 including any possible conflicts of interest.

13       (b)(c) The number of discount medical plan members in  
 14 the state.

15       (c)(d) Such other information relating to the  
 16 performance of the discount medical plan organization as is  
 17 reasonably required by the commission or office.

18       (3) Every discount medical plan organization which  
 19 fails to file an annual report in the form and within the time  
 20 required by this section shall forfeit up to \$500 for each day  
 21 for the first 10 days during which the neglect continues and  
 22 shall forfeit up to \$1,000 for each day after the first 10  
 23 days during which the neglect continues; and, upon notice by  
 24 the office to that effect, the organization's authority to  
 25 enroll new members or to do business in this state ceases  
 26 while such default continues. The office shall deposit all  
 27 sums collected by the office under this section to the credit  
 28 of the Insurance Regulatory Trust Fund. The office may not  
 29 collect more than \$50,000 for each report.

30       Section 7. Section 636.220, Florida Statutes, is  
 31 amended to read:

Bill No. CS for SB 2432

Barcode 185716

1           636.220 Minimum capital requirements.--

2           (1) Each discount medical plan organization must at  
3 all times maintain a net worth of at least \$150,000 and shall  
4 certify in writing and under oath at the time of licensure and  
5 annually thereafter that the minimum capitalization  
6 requirements of this part are satisfied.

7           (2) The office may not issue a license unless the  
8 discount medical plan organization has a net worth of at least  
9 \$150,000.

10           Section 8. Section 636.230, Florida Statutes, is  
11 amended to read:

12           636.230 Bundling discount medical plans with insurance  
13 ~~other~~ products.--When a marketer or discount medical plan  
14 organization sells a discount medical plan together with any  
15 insurance ~~other~~ product, the fees for the discount medical  
16 plan must be provided in writing to the member if the fees  
17 exceed \$30 per month for access to health care services other  
18 than those provided by physicians licensed under chapter 458  
19 or chapter 459, or by hospitals licensed under chapter 395, or  
20 \$60 per month for health care services that include services  
21 provided by physicians licensed under chapter 458 or chapter  
22 459, or by hospitals licensed under chapter 395.

23  
24 (Redesignate subsequent sections.)

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27 ===== T I T L E   A M E N D M E N T =====

28 And the title is amended as follows:

29           On page 1, line 8, after the semicolon,

30  
31 insert:

Bill No. CS for SB 2432

Barcode 185716

1 amending s. 636.204, F.S.; providing that an  
2 applicant for licensure as a discount medical  
3 plan organization may submit an audited  
4 financial statement of the parent entity in  
5 lieu of the audited financial statement of the  
6 applicant; amending s. 636.206, F.S.;  
7 authorizing the Office of Insurance Regulation  
8 to examine or investigate the business of a  
9 discount medical plan organization under  
10 certain circumstances; amending s. 636.210,  
11 F.S.; providing an exception to the prohibited  
12 restrictions on free access to plan providers  
13 for hospital services; amending s. 636.216,  
14 F.S.; revising the charges and filing  
15 requirements for access to certain health care  
16 services; amending s. 636.218, F.S.; deleting a  
17 requirement that audited financial statements  
18 be included in the annual report filed by a  
19 discount medical plan organization; amending s.  
20 636.220, F.S.; requiring a discount medical  
21 plan organization to certify in writing and  
22 under oath that certain requirements are  
23 satisfied; amending s. 636.230, F.S.; requiring  
24 the fees for a discount medical plan to be  
25 provided in writing under certain  
26 circumstances;

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