

FINANCIAL SERVICES COMMISSION

**FLORIDA OFFICE OF INSURANCE REGULATION
MARKET INVESTIGATIONS**

MARKET CONDUCT FINAL EXAMINATION REPORT

OF

MEDISAVER MEDICAL DISCOUNT CARD, INC.

AS OF

NOVEMBER 16, 2007

FLORIDA COMPANY CODE: 56050



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PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Financial Services Commission, Florida Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 636.206, Florida Statutes, a market conduct examination of Medisaver Medical Discount Card, Inc. (Company or Medisaver) was performed. The scope of this examination was February 14, 2007 through September 30, 2007. The examination began November 11, 2007 and ended November 16, 2007.

The purpose of this examination was to review the Company's compliance with Chapter 636, Part II, Florida Statutes as effective on April 1, 2005. Chapter 636, Part II, Florida Statutes regulates discount medical plan organizations, entities which, in exchange for fees, dues, charges, or other consideration, provide access for plan members to providers of medical services and the right to receive medical services from those providers at a discount.

The Company's records were examined at its offices located at 8600 NW South River Drive, Suite 245, Medley, Florida 33166-8740.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report. Procedures and conduct of the examination were in accordance with the Market Regulation Handbook produced by the National Association of Insurance Commissioners.

DESCRIPTION OF COMPANY

This domestic company was licensed as a Discount Medical Plan Organization ("DMPO") in Florida effective February 14, 2007. Medisaver's members pay an annual fee for membership. The discount card entitles the member(s) to obtain discounts for services from Medisaver's network of doctors, dentists, diagnostic centers, medical centers, pharmacies, and eye care centers. The Company has developed its own list of providers and is not joined with any network provider group. The Medisaver discount card is sold directly by Medisaver in Florida. There is no private label marketing.

The Company informed the examiner that they have been in this family business since 1999. Medisaver is comprised of 3 individuals, Jenny Carballo, President, her husband Mario Acevedo, and their 26 year old son. All 3 are involved in the every day activities of the Company. This includes handling its own advertising, member enrollment, and complaints of their members.

Medisaver had signed and agreed to a Consent Order, in which the Company ceased new enrollments and marketing in Florida after March 31, 2005. There were 120 members at that time. Medisaver paid \$25,000 to the Office as an administrative penalty for operating without a license plus administrative costs of \$1,000. The payment was made to the Office on February 7, 2007. On February 14, 2007, the Office approved the Company's DMPO license.

PROVIDER NETWORK AGREEMENT REVIEW

The Company does not utilize any provider networks.

PROVIDER AGREEMENT REVIEW

Medisaver entered into individual agreements with each provider made available to its members. There were 19 doctors, 5 dentists, 8 diagnostic centers, 12 medical centers, 4 pharmacies, and 4 vision facilities listed on the Company's web site. Chapter 636, Part II, Florida Statutes does not regulate pharmaceutical supplies or prescriptions.

Fifteen (15) provider agreements were reviewed for compliance with Section 636.214, Florida Statutes. The agreements all referred to the provider's field of specialty. The following exceptions were noted:

- 15 agreements failed to provide the amount or amounts of the discounts or, alternatively a fee schedule which reflects the provider's discounted rates as required by Section 636.214(2)(b), Florida Statutes.

Corrective Action: The Company should ensure all provider agreements contain a list of the services and products to be provided at a discount; the amount or amounts of the discounts or, alternatively a fee schedule which reflects the provider's discounted rates; and a provision that the provider will not charge more than the discounted rates.

MARKETER AGREEMENT REVIEW

The Company does not utilize marketers in Florida to sell its product.

ACTIVE MEMBERSHIP REVIEW

As of September 30, 2007, the Company had 913 memberships, 610 of which had enrollment effective dates on or after February 14, 2007.

Enrollment Procedures

Medisaver's current members are all Spanish speaking. Most enrollments are initially communicated by telephone between the Company and the enrollee. Information received is written on a form in Spanish and if the caller is interested in becoming a member, an appointment is made. A Medisaver representative personally visits the interested party, bringing the membership kit, enrolling the member and collecting the fees for membership.

Memberships after February 14, 2007

A random sample of 60 active membership files with effective dates on or after February 14, 2007 was reviewed. The following violations were noted:

- 60 members were enrolled on forms that had not been filed with and approved by the Office as required by Section 636.216(3), Florida Statutes, and Rule 690-203.204(1)(a), Florida Administrative Code; and
- 60 members were enrolled using charges that had not been filed with and approved by the Office as required by Section 636.216(1), Florida Statutes, and Rule 690-203.204(1), Florida Administrative Code.

Corrective Action: The Company should only enroll members on forms and utilize charges that have been filed with and approved by the Office.

Membership Prior to February 14, 2007

Between the April 1, 2005 effective date of Chapter 636, Florida Statutes and the February 14, 2007 date that Medisaver was permitted to operate as a licensed DMPO, it enrolled 183 members. Enrolling members in a discount medical plan without a license violates Section 636.204(1), Florida Statutes. This issue was addressed in Consent Order # 88943-07, executed on February 14, 2007, as a condition of licensure.

Corrective Action: Members enrolled prior to February 14, 2007 should be provided Florida approved enrollment forms and fulfillment packages upon renewal.

FORMS/CHARGES REVIEW

The Company provided a sample membership kit for review. The kit contained the membership agreement, the enrollment form, welcome letter, ID card, affiliated medical centers/provider directory, annual membership payment and signature of member and Company representative. The following violations were noted:

- The Company is using membership kits containing forms that had not been filed with and approved by the Office as required by Section 636.216(3), Florida Statutes.
- The Company is enrolling members on Spanish language forms that had not been filed and approved by the Office as required by Section 636.216(3), Florida Statutes.
- The Company is utilizing charges that had not been filed and approved by the Office as required by Section 636.216(1) Florida Statutes and Rule 690-203.204(1)(a), Florida Administrative Code.

Corrective Action: The Company should only utilize charges and forms that have been filed with and approved by the Office prior to use.

CANCELLATION REVIEW

The Company reported no cancellations.

COMPLAINT/GRIEVANCE REVIEW

The Company maintains a complaint form which indicates the reason for the complaint and the corrective action taken. Medisaver presented its complaint log file folder which contained 14 complaints (all in Spanish). The examiner reviewed 7 complaints, which had been translated to English. No violations were noted.

WEBSITE REVIEW

The Company's website, www.mymedisaver.com was reviewed to determine compliance with Section 636.226, Florida Statutes. The website contains a list of providers and is updated by the Company on a monthly basis as required by Section 636.226, Florida Statutes. The website is in English and Spanish. The first page contains the disclosures as required by Section 636.212, Florida Statutes. The following violations were noted:

- The website forms had not been filed with and approved by the Office as required by Section 636.216(3), Florida Statutes;
- The charges listed on the website had not been filed with and approved by the Office as required by Section 636.216(1), Florida Statutes.

Corrective Action: The Company should ensure that all charges and forms on its website have been filed with and approved by the Office prior to use.

ADVERTISING REVIEW

The Company produced one advertisement piece, a pamphlet, for the examiner to review. The pamphlet is written in both Spanish and English and contains all of the disclosures as required by Section 636.212, Florida Statutes. No violations were noted.

EXAMINATION FINAL REPORT

The Office hereby issues this report as the Final Report, based upon information from the examiner's draft report, additional research conducted by the Office, and additional information and comments provided by the Company in response to the draft report.