

# **FINANCIAL SERVICES COMMISSION**

**FLORIDA OFFICE OF INSURANCE REGULATION  
MARKET INVESTIGATIONS**

**MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**ASSURED OPTIONS SYSTEM, INC.  
d/b/a MEDMORE**

**AS OF**

**JUNE 23, 2006**

**FLORIDA COMPANY CODE: 56017**

---



## TABLE OF CONTENTS

PURPOSE AND SCOPE OF EXAMINATION .....	1
DESCRIPTION OF COMPANY .....	1
PROVIDER NETWORK AGREEMENT REVIEW .....	1
PROVIDER AGREEMENT REVIEW .....	2
MARKETER AGREEMENT REVIEW .....	2
ACTIVE MEMBERSHIP REVIEW .....	2
Enrollment and Fulfillment Procedures .....	2
Memberships Prior to May 19, 2005 .....	2
FORMS/CHARGES REVIEW.....	3
CANCELLATION REVIEW .....	3
COMPLAINT/GRIEVANCE REVIEW .....	4
WEBSITE REVIEW.....	4
ADVERTISING REVIEW.....	5
EXAMINATION FINAL REPORT .....	6

## **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 Assured Options System, Inc. d/b/a MedMore ("MedMore" or "Company") was performed. The scope of this examination was May 19, 2005 through February 28, 2006. The examination began June 19, 2006 and ended June 23, 2006.

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 at 3155 NW 82<sup>nd</sup> Avenue, Suite 201, Doral, FL 33122.

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 on May 19, 2005.

MedMore's discount medical plan provides medical discounts on dental, hospital, vision, physical therapy, home health care, complimentary alternative medicine, and physician services.

## **PROVIDER NETWORK AGREEMENT REVIEW**

MedMore has an agreement with 1 provider network, American Health Network, Inc. d/b/a Galaxy Health Network ("Galaxy"). Galaxy provides MedMore with access to additional physicians and hospitals. This agreement was reviewed for compliance with Section 636.214(3), Florida Statutes. The agreement failed to require the provider network to enter into an agreement with its providers to identify the discount products and services; and the amount of the discount or a fee schedule which reflects the provider's discounted rates as required by Section 636.214(3)(a), Florida Statutes. The agreement also failed to include a provision authorizing the provider network to contract with DMPO's on behalf of the provider as required by Section 636.214(3)(b), Florida Statutes. The agreement also failed to require the provider network to

submit monthly updates of providers to the Company as required by Section 636.214(3)(c), Florida Statutes.

**Corrective Action:** The Company should ensure that all provider network agreements contain terms as required.

### **PROVIDER AGREEMENT REVIEW**

MedMore maintains its own provider network of 1,304 providers. A sample of 30 agreements was selected and reviewed for compliance with Section 636.214, Florida Statutes. All of the agreements met the statutory requirements in that they contained a description of the services to be offered and a fee schedule. In addition, the agreements required that the provider would not charge the member more than the agreed upon discount.

### **MARKETER AGREEMENT REVIEW**

The Company provided a list of 4 marketers who sell the MedMore plan. The Company was only able to produce 3 of the agreements for review. Of the 3 agreements reviewed, no errors were noted. The Company was unable to produce a copy of 1 marketer agreement as required by Section 636.228(2), Florida Statutes.

**Corrective Action:** MedMore should maintain copies of all executed written agreements with marketers.

### **ACTIVE MEMBERSHIP REVIEW**

As of February 28, 2006, MedMore had 739 active memberships, 142 of which had enrollment effective dates on or after April 1, 2005.

A random sample of 50 active membership files enrolled on or after May 19, 2005 was reviewed. The membership files included enrollment forms, call logs, subscriber history and payment history.

### **Enrollment and Fulfillment Procedures**

The paper enrollment application used by all consumers contains the membership agreement. Upon enrolling in the plan, the member is given a copy of the application and the membership agreement. Within two weeks, the Company mails the member a provider list booklet and a membership card.

### **Memberships Prior to May 19, 2005**

Between the April 1, 2005 effective date of Chapter 636, Florida Statutes, and May 19, 2005 date MedMore was permitted to operate as a licensed DMPO, 21 members were enrolled. Enrolling

members in a discount medical plan without a license violates Section 636.204(1), Florida Statutes.

Members enrolled prior to May 19, 2005 were not required to sign new Florida approved enrollment forms nor were the members provided Florida approved written agreements or fulfillment materials.

**Corrective Action:** Members enrolled prior to May 19, 2005 should be provided Florida approved enrollment forms, written agreements, and fulfillment materials upon renewal.

### **FORMS/CHARGES REVIEW**

As of June 3, 2005, the Office had approved the processing fee, the periodic fee, and the combined enrollment application/agreement for the MedMore plan.

Eight (8) membership files reviewed revealed that members had enrolled on forms and had paid a periodic fee that had not been approved by the Office as required by Sections 636.216(1) and (3), Florida Statutes.

**Corrective Action:** The Company should only enroll members using forms and charges that have been filed with and approved by the Office. The Company should provide refunds to those members who were charged periodic fees that differed from those that were filed with and approved by the Office.

### **CANCELLATION REVIEW**

During the scope of the examination, the Company reported that 2 members cancelled their memberships within the first 30 days after the effective date of enrollment and 42 members cancelled their memberships 31 days or more after the effective date of enrollment. Section 636.208(2), Florida Statutes, requires a reimbursement of all periodic charges if the member cancels within the first 30 days after the effective date of enrollment in the plan upon the return of the membership card.

One (1) member that cancelled within 30 days of the enrollment effective date failed to receive a refund of all periodic charges as required by Section 636.208(2), Florida Statutes. Files for 2 members that had been reported as canceling their memberships 31 days or more after the enrollment effective date were reviewed. A date stamped letter from the members to the Company revealed that the members had actually cancelled within the first 30 days after the effective date of enrollment; therefore, each is entitled to a refund of all periodic charges as required by Section 636.208(2), Florida Statutes. One (1) member, with an effective date of November 4, 2005, returned the membership packet unopened. The packet, which includes the membership cards, was not mailed until December 1, 2005, almost one month after the member enrolled.

The Company reported it would provide the required refund to these 4 cancelled members.

In addition to a refund of the periodic fee, Section 636.208(4), Florida Statutes, requires a DMPO to reimburse the member for any portion of a one-time processing fee that exceeds \$30 per year. MedMore charges members a one-time processing fee of \$35. None of the members reviewed received a \$5.00 refund as required by Section 636.208(4), Florida Statutes.

**Corrective Action:** The Company should ensure that all cancelled members receive a refund of all periodic charges to which they are entitled. In addition, the Company should ensure that all members receive the required refund of the one-time processing fee that exceeds \$30 per year.

### **COMPLAINT/GRIEVANCE REVIEW**

The Company reported that it had no complaints or grievances, and no complaints or grievances were noted in the membership files during the exam. In addition, there were no complaints or grievances reported to the Office during the scope of the examination.

The Company maintains procedures to facilitate the resolution of subscriber complaints and grievances as required by Section 636.205(1)(d), Florida Statutes.

### **WEBSITE REVIEW**

Upon licensure, DMPO's must establish and maintain an internet website. The website page must include an up-to-date list of its providers' names and addresses as required by Section 636.226, Florida Statutes.

The Company updates its internal network on a weekly basis. Prior to the market conduct examination, Galaxy sent its updates to the Company on a CD, and it did not provide updates on a monthly basis. Since the examination, Galaxy sends the updated list electronically to the Company monthly.

**Corrective Action:** The Company should ensure that its website maintains an up-to-date list of the names and addresses of the providers with which it has contracted.

A review was conducted of the website that is maintained by the Company.

- [www.medmoreplan.com](http://www.medmoreplan.com) – This is the Company's website that contains general information about the Company and its various products and services. The main page does not contain any of the disclosures required by Section 636.212, Florida Statutes.

**Corrective Action:** The Company should ensure that its website contains all the required disclosures.

The review revealed an online application for the MedMore plan that had not been filed with and approved by the Office as required by Section 636.216(3), Florida Statutes. The application was not operational and users were not able to enroll over the internet. The Company advised that the online enrollment had been discontinued before licensure and that the page discovered during the exam was still viewable by mistake. Verification that the online application was no longer available was completed.

**Corrective Action:** The Company should ensure that its website does not contain any forms that have not been filed with and approved by the Office.

## ADVERTISING REVIEW

Advertising and marketing by the Company was reviewed to determine compliance with Sections 636.210 and 636.212, Florida Statutes.

Eight (8) marketing and advertising pieces were reviewed. The materials included: 2-membership ID cards, 2-newspaper advertisements, 1-individual plan handout, 1-group plan handout, 1-plan summary, and 1-folder that is mailed to each new member.

The 2-membership ID cards contained a website address to the provider list as required by Section 636.226, Florida Statutes. Each of the membership cards also contained the following phrase: "A State Discount Healthcare Card." Rule 69O-203.203(2)(a), Florida Administrative Code, prohibits the use of words and phrases used in a manner through which they mislead or have the capacity or tendency to deceive or mislead. The phrase on the membership ID cards could mislead individuals into believing that MedMore is health insurance .

**Corrective Action:** The Company should remove misleading and deceptive phrases from its membership ID card.

The newspaper advertisements and plan summary handout failed to contain any of the disclosures as required by Section 636.212, Florida Statutes. The newspaper advertisements also failed to contain the website address to locate the provider list as required by Section 636.226, Florida Statutes.

**Corrective Action:** The Company should ensure that its advertising and marketing contain the required disclosures and the website address to locate the provider list.

The inside cover of the folder that the Company mails to each member upon enrollment lists discounts on certain items that are not accurate. The discounts listed display the greatest discount potentially available. As it is stated, the list is misleading because it does not include the lowest potential discount and is a violation of Rule 69O-203.203(2)(a), Florida Administrative Code.

**Corrective Action:** The Company should accurately reflect the potential discounted savings to consumers.

## **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.