



CURRENT STATE OF DISCOUNT MEDICAL PLAN ORGANIZATIONS (DMPOs) IN FLORIDA

FLORIDA OFFICE OF INSURANCE REGULATION



WHAT ARE DISCOUNT MEDICAL PLANS?

- **Discount Medical Plans are NOT insurance.**
- **They allow members to receive a discounted fee from a participating doctor, hospital, or other provider.**
- **The member must pay a fee to the DMPO for access to discounts.**
- **The member must pay the provider's fee at the time of service.**

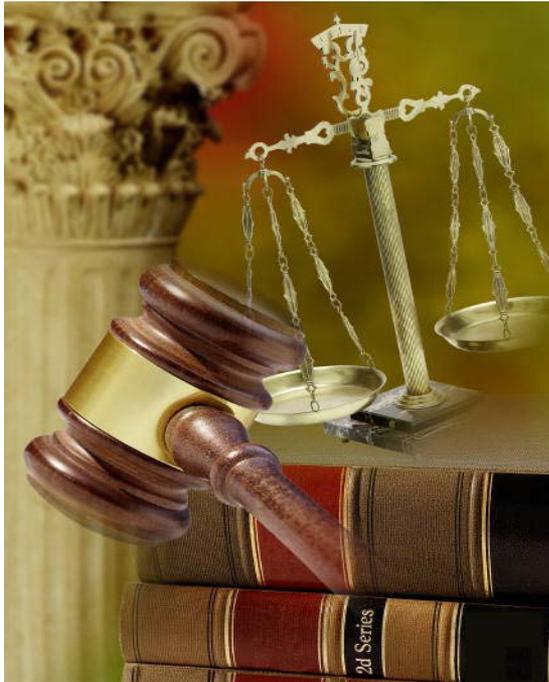


WHAT ARE DISCOUNT MEDICAL PLANS?

(continued)

- **The plan does not make payments directly to the providers of medical services.**
- **The plan member is obligated to pay for all health care services but will receive a discount from those health care providers who have contracted with the discount medical plan organization.**

HISTORY OF LEGISLATION



- **Created by House Bill 1629 in the 2004 Legislative Session Chapter 636, Part II F.S.**
- **Effective January 1, 2005**
- **Rule 690-203, Part II, Florida Administrative Code**



REQUIREMENTS CREATED BY STATUTE AND FLORIDA ADMINISTRATIVE CODE

- **DMPOs must be licensed by the Florida Office of Insurance Regulation prior to conducting business in the state.**
- **Required to submit: Organizing documents, list of officers and directors, fingerprint cards, biographical statements, copies of contracts, most recent audited financial statements, marketing methods, complaint procedures, must establish an internet website, etc.**



ANNUAL REPORT

- **Audited financial statement**
- **Changes to previously submitted applications**
- **Enrollment**
- **Licensing fee**



REQUIREMENTS CREATED BY STATUTE AND FLORIDA ADMINISTRATIVE CODE

(continued)

- **DMPOs must reimburse members periodic charges if the plan is cancelled within the first 30 days**
- **If the DMPO cancels a membership for any reason, it's required to make a pro rata reimbursement of fees to the member**
- **DMPO is required to reimburse the member for any one-time processing fee that exceeds \$30 per year**



REQUIREMENTS CREATED BY STATUTE AND FLORIDA ADMINISTRATIVE CODE

(continued)

- **Forms must be filed with and approved by the Office of Insurance Regulation.**
- **Monthly fees above \$30.00 must be justified and approved.**
- **Bundling-regulated vs nonregulated benefits**



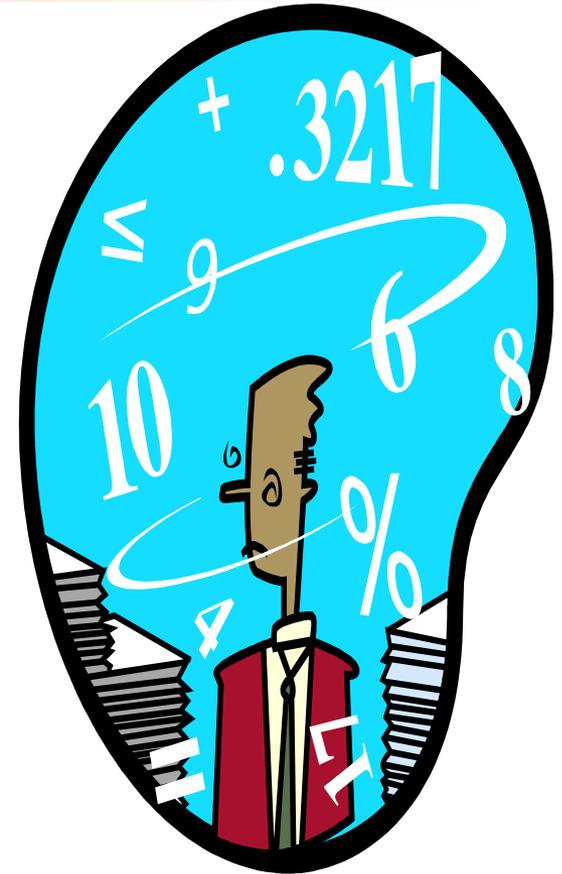
Marketers vs DMPOs

- **DMPOs have private label marketers who place their name on the Discount Medical Plans. The DMPO, however, is responsible for the actions of its marketers. The member agreement is between the DMPO and the member, not between the marketer and the member. The DMPO must include its name and address on the member agreement and include verbiage identifying itself as the DMPO.**



Current Statistics

- **59 Total Applicants**
- **37 Licensed DMPOs**
- **3 insurers licensed to sell DMPOS
(Aetna, Connecticut General, and
Heritage Life)**
- **502 Form filings Received**
- **326 Form filings Approved**





Rate Filing Statistics

- **393 rate filings received**
- **Five plans filed for rates over \$30 per month:**
 - *None of the companies provided justification*
- **Six plans filed combinations of plans exceeding \$30 per month; can be bought separately for less than \$30 per month/approved**
 - *Includes regulated bundled with nonregulated products*
- **One company filed for a rate increase**
 - *Filing met compliance; approved*
- **177 approved plans do not charge any administrative fees**
- **145 approved plans charge one time administrative fee under \$30**



Members and Revenue

- **1,506,767 members**
- **\$31,543,756 revenues**

Numbers based on self-reported information as of 8/17/06



MARKET INVESTIGATIONS

- **Market Investigations monitors to assure compliance with the Florida Insurance Code.**
- **Targeted industry compliance reviews are conducted with legislative changes to ensure if insurers are complying with those changes.**
- **Once adverse business practices are identified they are reviewed for compliance through a multitude of regulatory responses, from contacting the insurers for a response to the identified issue to desk investigations and/or on-site field examinations.**
- **These regulatory responses enable Market Investigations to determine the extent of the problem and work with the company to resolve the problem quickly.**



FINDINGS

MARKET INVESTIGATIONS

- **All companies have had some type of forms violation, such as enrolling members on forms not yet approved by the Office or not filing form revisions.**
- **More than half failed to refund periodic charges to members who had cancelled within 30 days of the effective date.**
- **Almost all had some type of disclosure violation in advertising materials and on websites – either the DMPOs or one of its marketer's. These disclosures ensure the consumer knows he is buying a discount card and not insurance and can identify the Florida licensed DMPO.**



MARKET INVESTIGATIONS

(continued)

- **More than half used prohibited insurance terminology or made misleading statements in advertising materials or on websites – either the DMPOs or one of its marketers. These limitations ensure the consumer is not misled as to the product, the amount and the discounts.**
- **A few failed to file periodic charges prior to use.**
- **More than half did not have required contract provisions with either their providers or their provider networks. These provisions ensure provider lists are up to date, and that the benefits, fees, and discounts are properly enumerated.**



CONCLUSIONS

Is it working? YES

- **Nearly 2000 consumer complaints received in 2003 and 2004.**
- **Since implementation of the new law on January 1, 2005, consumer complaints have declined by 90%.**
- **The majority of the remaining 10% of complaints are from unauthorized DMPOs and are referred to Market Investigation Division for investigation and possible legal action.**
- **Incorporated into NAIC Model**



CONCLUSIONS

- **Is it perfect? – Probably not**
 - **Bundling**
 - **Hybrid Providers**
 - **Annual Reporting (workshop)**
 - **Marketers vs DMPOs**