

State of Rhode Island and Providence Plantations
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OFFICE OF THE HEALTH INSURANCE COMMISSIONER REGULATION 15
DISCOUNT MEDICAL PLAN ORGANIZATIONS

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Section 1 **Statement of Authority and Purpose**

This regulation is promulgated pursuant to the authority granted to the Rhode Island Health Insurance Commissioner (“Commissioner”) by R.I. Gen. Laws §§ 27-74-16, 42-14-5 and 42-14-17.

This regulation is intended to implement the provisions of Title 27, Chapter 74, the “Discount Medical Plan Organization Act” (the “Act”). The purpose of the Act and this regulation is to promote the public interest by establishing standards for discount medical plan organizations; to protect consumers from unfair or deceptive marketing, sales or enrollment practices of discount medical plans; and to facilitate consumer understanding of the role and function of discount medical plans in providing access to medical or ancillary services.

Section 2 **Definitions**

All words or phrases used in this regulation already defined in R.I. Gen. Laws § 27-74-3 shall have the meaning therein.

Section 3 **Registration Requirements**

- (A) Before doing business in or from this state, a discount medical plan organization shall complete an application for a certificate of registration. The application to operate as a discount medical plan is appended to this regulation as Appendix A. All sections of the application must be completed in order for the application to be accepted by the Commissioner. The application must be accompanied by a non-refundable fee of two hundred and fifty dollars (\$250) made payable to the General Treasurer, State of Rhode Island.

- (B) Once the application has been filed, the Commissioner shall review the application and notify the applicant of any deficiency therein. The ninety (90) day review period shall not commence until the Commissioner has received a completed application.
- (C) The Commissioner shall renew the certificate of registration of each holder that meets the requirements of the Act and this regulation upon receipt of a completed application and payment of a non-refundable fee of two hundred and fifty dollars (\$250) made payable to the General Treasurer, State of Rhode Island. Each registration is issued on a biennial basis. A discount medical plan which registers during the registration term shall be issued a registration for the time period remaining and will have to renew at the expiration of the registration, regardless of the period of time it has been registered. The Commissioner does not prorate license fees. This renewal requirement is separate from the obligation to file an annual report under R.I. Gen. Laws § 27-74-13; however, at the option of the registrant the annual report shall be filed either at the time of the renewal application is filed in accordance with R.I. Gen. Laws § 27-74-5(f) during the calendar year in which the application must be renewed, or on or before September 30 during any calendar year.

Section 4 Reporting of Actions

- (A) The registrant shall report to the Commissioner any administrative action taken against the registrant in another jurisdiction or by another governmental agency in this state immediately in accordance with R.I. Gen. Laws § 27-74-5(1).
- (B) Within thirty (30) days of the initial pretrial hearing date, the registrant shall report to the Commissioner any criminal prosecution of any of the principals or employees of the registrant taken in any jurisdiction if the prosecution is of a felony of any sort, and if the prosecution is of a misdemeanor alleging facts relating to the business of discount medical plans, or the business of insurance, or of any financial services business. The report shall include a copy of the initial complaint filed, the order resulting from the hearing, and any other relevant legal documents.
- (C) The registrant shall report the Commissioner any change to the information contained in the original application within thirty (30) days of the change. With regard to the registrant's name, address or website address, notice must be given thirty (30) days before the change is made in accordance with R.I. Gen. Laws § 27-74-12.
- (D) Reports required to be filed pursuant to this section may be filed with the Office electronically. Reports shall include the name and address of the registrant, the name of the officer or employee authorized to file the report, and the phone number and email address where such officer or employee can be contacted.

Section 5 Denial, Suspension, Revocation or Non-Renewal

- (A) The Commissioner may place on probation, suspend, revoke or refuse to issue or renew a plan's registration or may levy a civil penalty in accordance with R.I. Gen. Laws § 27-74-14 and 42-14-16. Whenever the Commissioner denies an application to operate as a

discount medical plan or suspends, revokes or fails to renew the certificate of registration of a discount medical plan, the Commissioner will set forth the ground(s) for disapproval.

- (B) In the event that the action by the Commissioner is to deny an application for or not renew a registration, the Commissioner shall notify the Applicant or registrant, in writing, of the reason for the non-renewal or denial of the registration. The Applicant or registrant may make written demand upon the Commissioner within thirty (30) days for a hearing before the Commissioner to determine the reasonableness of the Commissioner's action. The hearing shall be held pursuant to R.I. Gen. Laws §§ 42-35-9 through 14.
- (C) The registration of a business entity may be suspended, revoked or refused if the Commissioner finds, after hearing, that the violation was known or should have been known by one or more of the partners, officers or managers acting on behalf of the business entity and the violation was neither reported to the Commissioner nor corrective action taken. Corrective action will not prohibit action by the Commissioner but will be taken into consideration.
- (D) In addition to or in lieu of any applicable denial, suspension or revocation of a registration, a person may, after hearing, be subject to a fine and/or any other appropriate remedies according to R.I. Gen. Laws §§ 27-74-14 and 42-14-16.
- (E) The Commissioner shall retain the authority to enforce the provisions of and impose any penalty or remedy authorized by R.I. Gen. Laws §§ 27-74-14 and/or 42-14-16 against any registrant who is under investigation for or charged with a violation even if the registration has been surrendered or has lapsed by operation of law.

Section 7 Readability of Forms and Advertising

All discount medical plan forms, marketing materials, brochures, discount medical plan cards and any other communications by discount medical plan organizations to members and prospective members shall comply with the standards for readability set forth in the Office of the Health Insurance Commissioner Regulation 5.

Section 9 Severability

If any provision of this regulation or the application thereof to any person or circumstances are for any reason held to be invalid, the remainder of the regulation and the application of its provisions to other persons or circumstances shall not be affected thereby.

Section 10 Effective Date

This regulation shall be effective as indicated below.

EFFECTIVE DATE: June 1, 2011.