



**HOUSE COMMITTEE ON APPROPRIATIONS**  
2009-10 Legislative Session

**FISCAL NOTE**

**HOUSE BILL:** 2573

**PRINTER'S NO:** 4014

**PRIME SPONSOR:** Barbin

<b>FISCAL IMPACT SUMMARY</b>	<b>FY 2010/11</b>	<b>FY 2011/12</b>
<b>Expenditure Increase/(Decrease):</b>		
General Fund	\$0	\$0

**OVERVIEW:**

House Bill 2573 creates a freestanding act entitled "Discount Plan Organization Act." The legislation establishes standards for discount medical and prescription drug plan organizations. All discount plan organizations operating within the Commonwealth will be required to register with the Insurance Department. The registration fee shall be equal to that required for a license or annual renewal for a manager or exclusive general agent for a domestic insurance company. A certificate of registration will be valid for one year, at which time it may be renewed. The legislation outlines reasons for suspension, nonrenewal and revocation of a certificate of registration, as well as penalties. The Insurance Commissioner also may seek both temporary and permanent injunctive relief under the provisions of the act. The act provides for examinations and investigations by the Insurance Department, if warranted.

Under the act, a discount plan organization must establish a website with an up-to-date list of the names and addresses of the providers with which it has contracted directly or through a provider network. Also, the act sets capital and surety bond or deposit requirements. House Bill 2573 also outlines limitations on charges and fees, refund requirements and bundling of services. The legislation outlines requirements for provider agreements, provider listing requirements and marketing agreements. In addition, a discount plan organization shall designate and provide the department with the name, address and telephone number of a discount plan compliance officer responsible for ensuring compliance with the provisions of this act.

The act provides an exemption for a provider who provides discounts to his or her own patients without any cost or fee of any kind to the patient for medical services or ancillary services the provider directly provides is not required to obtain and maintain a certificate of registration under this act as a discount medical plan organization.

The act shall take effect immediately.

**ANALYSIS:**

While this legislation places additional responsibilities upon the Insurance Department, the agency anticipates addressing any additional workload within its existing resources.

**PREPARED BY:** Lisa M. Fleming, Budget Analyst  
House Appropriations Committee, (D)

**DATE:** September 21, 2010

**General Note and Disclaimer:** *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*