

SUMMARY OF STATE LAWS REGULATING DISCOUNT PROGRAMS (9/06)

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
Alaska (2005) AS § 21.36 <i>et seq.</i>	All health care providers	YES § 21.36.155(a)(1)	YES § 21.36.155(a)(2)	YES § 21.36.030(a)(1)	Cannot use common insurance terms to describe program, § 21.36.030(a); Must make provider lists available to purchasers, § 21.36.155(a)(4); allow 30 day right to cancel with full refund, except for nominal processing fee, paid within 30 days § 21.36.155(a)(5)	
Arkansas (1999, amended 2005) ACA § 4-106-201 <i>et seq.</i>	All health care providers § 4-106-201	YES § 4-106-201(1)	YES § 4-106-201(3)	YES § 4-106-201(4)	Statement that consumer has 30 days to cancel must be on ads, on or attached to discount cards, and on contract, § 4-106-201(2); contract must provide cancellation instructions, § 4-106-201(6); must designate registered agent with Secretary of State, § 4-106-203; member must receive full refund if they cancel in first 30 days, § 4-106-205	Optometrists/ ophthalmologists § 4-106-204
Colorado (2004) CRS § 6-1-712	All health care providers	YES	YES	YES	Disclose that discounts available only from participating providers; disclose information on discount company; make updated provider information available to consumers; allow 30 day right to cancel	Programs administered by insurer; Medicare drug cards
Connecticut (2005) Public Act No. 05-	All health care providers (except prescription drugs)	YES § 1(b)(1)	YES §§ 1(b)(8), 2(f)	YES §§ 1(b)(6), 2(l)(3)	Annual license application, § 2; Disclose that discounts available only through partici-	Programs administered by insurers or programs that cost less than \$25

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
237 (licensing parts effective 1/1/06)	§ 1(a)5)				pating providers, § 1(b)(1); disclose administrator of the plan, § 1(b)(3); marketing materials may not use words associated with insurance in a misleading manner § 1(b)(2); maintain a toll-free number that provides a list of providers and services, § 1(b)(4); must use plain language to describe discounts and provide notice of right to cancel within 30 days with full refund, except a reasonable one-time processing fee, § 1(b)(6)-(7); must maintain website with up-to-date list of providers; must include website on marketing materials and cards, §§ 2(c) and (r); must have net worth of \$250,000 or post a \$100,000 security bond, § 2(j); cards must contain names or logos of networks, § 2(s)	annually, § 1(a)(3)
Florida (2004, amended 2005) FS § 636.201 <i>et seq.</i>	All health care providers (except prescription drugs) § 636.202	YES § 636.212	YES §636.214	YES § 636.222	Annual license application, § 636.204; cancellation within 30 days requires full refund, except for one-time processing fee of \$30 § 636.208; cancellation for anything other than non-payment of fees requires pro rata refund, § 636.208; no waiting periods or limitations on access, § 636.210; website	

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					address must be on discount card, updated list of providers on website § 636.228; disclosures on first page of advertisements § 636.212; disclose that discounts available only from participating providers, information on discount company § 636.212; marketing materials may not use words associated with insurance in a misleading manner § 636.210; may not provide fees for medical services § 636.210; charges must be filed with state and approved if >\$30 § 636.216; file audited financial statement and annual report § 636.218; file membership materials; \$35,000 surety bond with state § 636.236; must have written agreement with marketers that allows discount plan to approve all marketing materials; liable for certain acts of marketers, § 636.228; itemize fees when bundled and fees > \$30, § 636.230; must have a complaint procedure for member grievances § 636.205; must meet minimum capital requirements § 636.205	

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
Georgia (2000) OCGA § 10-1-393 (b) (32)	All health care providers	YES	YES	NO	seller can't limit operation of statute; information about complainants is confidential OCGA § 10-1-393 (c-d)	
Idaho (2000) Idaho Code § 48-1601 <i>et seq.</i>	All health care providers	YES	YES	YES	registered agent § 48-1603	buying clubs, programs administered by insurer
Illinois (2001) § 215 ILCS 5/370f <i>et seq.</i> ; 50 Ill. Adm. Code § 2051.55 § 815 ILCS 505/2B.3	All health care providers 215 ILCS 5/370g	YES 815 ILCS 505/2B.3	YES 815 ILCS 505/2B.3	YES 815 ILCS 505/2B.3	register annually with Dept of Insurance 215 ILCS 5/370k; provide marketing materials, disclosure statements, provider information by type and location, number of customers, affidavit of responsible person, sample provider agreement, credentialing standards 50 Ill. Adm. Code 2051.55	
Indiana (2001, amended 2006) Burns Ind. Code § 24-5-21-1 <i>et seq.</i> , § 27-17-1 <i>et seq.</i>	Discounts from all health care providers, except pharmacies, are subject to the 2006 law. § 27-17-1-8. Prescription drug plans are subject to the 2001 law. § 24-5-21-3	YES for health care providers, § 27-17-5-1 and prescription drug plans, § 24-5-21-3	YES for prescription drug plans, § 24-5-21-3 and physicians, § 27-17-4-1(6)	YES for health care providers, § 27-17-4-1, and for prescription drug plans, § 24-5-21-3	Requirements applicable to all discount plans (except pharmacies): annual registration, § 27-17-2-1; provide a toll-free customer service telephone number for at least 40 hours a week, § 27-17-2-2(l); cannot use words associated with insurance in a misleading manner, § 27-17-4-1(1); cannot implement any restrictions such as waiting and notification periods, § 27-17-4-1(2), cannot pay providers unless registered TPA, § 27-17-4-1(4); cannot list a program provider without their express written consent, § 27-	2006 law does not apply to discount programs offered by insurance companies, their affiliates or HMOs, § 27-17-1-6. Prescription drug plan law does not apply to optometrists/ ophthalmologists, buying clubs, programs administered by insurer, § 24-5-21-1

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					17-4-1(6); must disclose that member is obligated to pay for services, § 27-17-5-1; card must state that it is not insurance, § 27-17-5-1(c); if initial contact is made over the phone, disclosures must be made orally and in initial written materials, § 27-17-5-1(d); must have written agreements with members, § 27-17-5-2, and marketers, § 27-17-12; must get department approval of all ads and marketing materials, § 27-17-6; annual reporting requirement, § 27-17-7; purchasers have 30-day right to cancel and refund of all fees except a nominal enrollment fee, § 27-17-8; must maintain surety bond or deposit of \$35,000, § 27-17-9; must approve all ads used by marketers, § 27-17-12. Requirements applicable to prescription drug plans: must designate a registered agent, § 24-5-21-4; an illegal prescription drug card contract is voidable, § 24-5-21-5	
Kansas (2000, amended 2002)	All health care providers § 50-1,100	YES § 50-1,101	YES § 50-1,101	YES § 50-1,101	advertising must say discount is not insurance; provide written list of closest 25 providers either (1) before transaction	

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
KSA § 50-1,100 <i>et seq.</i>					or (2) within 7 days of transaction along with 30 day right to cancel; make provider information accessible to customers; file \$50,000 surety bond. § 50-1,101	
Kentucky (2000, amended 2002) KRS § 367.828	All health care providers	YES	YES	NO	discounts must be clearly and conspicuously disclosed to consumers	buying club, programs administered by insurer
Maryland Md. Code § 19-222	Hospitals	NO	NO	NO	No discounts permitted unless approved by Rate Setting Comm'n	
Minnesota (2000) Minn. Stat. § 325F.784	Pharmacies for prescription drug purchases	YES	YES	YES	registered agent	optometrists/ ophthalmologists, buying clubs, programs administered by insurer
Mississippi (1999) Miss. Code § 83-9-6.1	Pharmacies for prescription drug purchases	NO	discount program must pay a portion of the cost of the discount	NO	card can't be issued by a prescription drug insurance program; illegal contracts are void	

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
Montana (2005) MCA § 33-38-101, <i>et seq.</i>	All health care providers	YES §§ 33-38-103(2)(a) and 33-38-108(1)(a)	YES §§ 33-38-103(2)(c) and 33-38-108(1)(e)	YES §§ 33-38-103(1)(a) and 33-38-108(1)(f)	Cannot use words associated with insurance in a misleading manner, §§ 33-38-103(1)(b) and 33-38-108(1)(d); prospective purchasers must have access to provider list, §§ 33-38-103(1)(c) and 33-38-108(1)(h); purchasers have 30-day right to cancel and refund of all fees except a nominal enrollment fee and no cancellation fee may be charged, § 33-38-104; annual registration requirement (except for pharmacy-only programs), § 33-38-105; must maintain \$50,000 surety bond (except for pharmacy-only programs), § 33-38-106	Registration and surety requirements do not apply to insurers and self-funded group health plans, §§ 33-38-105(6) and (7), §§ 33-38-106(9) and (10)
Nevada (2005) AB 338	All health care providers except plans that only offer prescription discounts, § 6	YES § 9	YES § 12	YES § 12	Annual registration requirement, § 7; cannot use words associated with insurance to describe program; may not pay providers unless discount program is registered TPA, § 8; must disclose that discounts available only from participating providers, that member is obligated to pay for services, and information about program, § 9; must maintain net worth of \$100,000, § 11; must maintain toll-free number so members can obtain list (updated every	Programs administered by insurer unless they offer the discount plan separately, § 6

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					6 months) of all providers in their area; must pay any refund due with 30 days of cancellation; must keep records of form contracts, member lists, provider contracts, § 15	
New Hampshire (2001) RSA 358-R:1	Pharmacies for prescription drug purchases	YES	NO	YES	register with Dep. of Justice; ads must say discount available only at participating pharmacies	
North Dakota (2005) NDCC § 26.1-53 <i>et seq.</i>	All health care providers (except prescription drugs) § 26.1-53-01(4)	YES § 26.1-53-03(1)(a)	YES § 26.1-53-04(1)		Cannot use terms associated with insurance in a misleading manner; cannot use term "insurance," § 26.1-53-02; cannot pay providers unless program is an authorized TPA, § 26.1-53-02(3); must disclose that plan provides discounts for certain providers, that member must pay for all services, name and address of discount plan organization and marketer and cancellation and refund rights, § 26.1-53-03; networks must provide discount program with an up-to-date list of providers, § 26.1-53-04(3); discount program must maintain website with list of updated providers and display website on all marketing materials and cards, § 26.1-53-05; must have written agreement with marketers that allows	

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					discount program to approve all marketing material, § 26.1-53-06; must provide notice of cancellation rights and procedures within 10 days of purchase; right to cancel within 30 days with full refund, except enrollment fee up to \$50; if membership period is longer than 1 month, member can get pro rata refund after cancellation, § 26.1-53-08	
Oklahoma (2001, amended 2002, 2005) 36 Okl. St. § 1219.4	All health care providers (except prescription drugs), § 1219.4(A)(8)	YES § 1219.4(F)(1)(a)	YES § 1219.4(G)	YES § 1219.4(J)(1)(c)	Annual registration requirement, § 1219.4(B)(1); must establish website that includes up-to-date list of all providers; website must be on all marketing materials and cards, §§ 1219.4(B)(7) and (L); right of cancellation within 30 days with refund of all periodic charges, § 1219.4(D)(2); pro rata refund upon cancellation if membership period is longer than 1 month, § 1219.4(D)(4); must disclose right of cancellation on first page of contract, § 1219.4(D)(3); cannot use terms associated with insurance in a misleading manner, § 1219.4(E)(1); no restrictions on access or waiting periods except for hospital services, § 1219.4(E)(1); cannot pay pro-	Discounts provided by an insurer, group health service or HMO where those discounts are provided at no cost to the insurer and are offered due to coverage with a licensed insurer, group health service or HMO, § 1219.4(A)(3)

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					viders, § 1219.4(E)(1); marketing materials must disclose that discounts are only available from certain providers, that the plan does not make payments to providers, that the member must pay for all services, and the name and address of discount organization, § 1219.4(F)(1); must file form provider and member contracts, § 1219.4(H)(2); must maintain net worth of at least \$150K, § 1219.4(I); must have written agreements with marketers and approve all marketing materials, § 1219.4(M); must maintain \$35,000 security bond, § 1219.4(P)	
Oregon (1999) ORS § 689.565	Pharmacies for prescription drug purchases	YES	YES	YES	registered agent	optometrists/ ophthalmologists, buying clubs, programs administered by insurer
S. Carolina (2000, amended 2001 and 2006) SC Code § 37-17-10	All health care providers § 37-17-20(3)	YES § 37-17-30(A)(3)	YES -- must document to state § 37-17-30(A)(4)	YES § 37-17-30(A)(5)	Annual registration required, § 37-17-40; annually submit a list of authorized marketers and representatives, § 37-17-40(C); ads must include name and address of DMPO, § 37-17-30(B)(6); provide each member with range of discounts, § 37-17-40(B)(5); provide each prospective member with information on benefits, costs,	Discount plans administered by insurers, HMOs and pharmacies § 37-17-60

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					limitations, cancellation rights and restrictions on refunds, and complaint procedures, § 37-17-52; if initial contact is by telephone, disclosures must be made orally and in initial written materials, § 37-17-55(B); maintain website with up-to-date list of facilities and providers, § 37-17-30(B)(5); maintain \$50,000 surety bond, § 37-17-40(A)(3); 30-day right of cancellation with full refund (minus nominal processing fee), § 37-17-55(C)	
South Dakota (2001) SD Codified Laws § 37-24-6 (12) (2005, amended 2006) SD Codified Laws § 58-17E-1 <i>et seq.</i>	All health care providers § 58-17E-5(5) applies to discounts from all health care providers; § 37-24-6(12) applies only to discounts from pharmacies for prescription drug purchases	YES § 58-17E-41(8) and § 37-24-6(12)(a)	YES § 58-17E-26 and § 37-24-6(12)(b)	YES §§ 58-17E-38, 58-17E-40(4) and 37-24-6(12)(c)	Annual registration required, § 58-17E-9; must notify Director of any adverse action in another state, § 58-17E-8; establish Internet website that includes up-to-date list of providers, § 58-17E-11 and § 58-17E-31; written marketer agreements that require DMPO to approve all ads, § 58-17E-33 and § 58-17E-34; cannot use words associated with insurance in a misleading manner, § 58-17E-40; no waiting or notification periods (except for hospital services), § 58-17E-40(5); cannot pay providers, § 58-17E-40(6); written agreements with members, unless member	Discount plans offered by insurers or HMOs do not have to register, although affiliates do, § 58-17E-7

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					pays by credit card or over the phone, § 58-17E-41; before obtaining funds from member, must disclose customer service representative, detailed description and costs, website, cancellation rights including right to full refund within 30 days (minus nominal processing fee), that range of discounts will vary, that plan does not make payments and that member is obligated to pay for all services, § 58-17E-41; § 58-17C-106; must provide new members with written materials that disclose terms of plan, charges, any limitations, cancellation procedures, and procedures for filing complaints, § 58-17E-44; must maintain a surety bond of \$20,000, § 58-17E-20, or \$35,000 deposit, § 58-17E-21	
Tennessee (2001) Tenn. Code § 47-18-2701 <i>et seq.</i> ; (2005) § 56-57-101 <i>et seq.</i>	§ 47-18-2701 <i>et seq.</i> applies to discounts from all health care providers; § 56-57-101 <i>et seq.</i> applies only to discounts from pharmacies for prescription drug purchases	YES § 47-18-2701; § 56-57-104(a)	YES § 47-18-2701	YES § 47-18-2701	Prescription drug plans must: annually register, § 56-57-103; disclose on the discount card and any materials company name, toll-free number, and that the plan is not insurance, § 56-57-104(a); provide prospective members with fees and estimated average savings, § 56-57-104(b); provide members	§ 47-18-2701 <i>et seq.</i> does not apply to optometrists/ ophthalmologists and members of certain nonprofits; § 56-57-101 <i>et seq.</i> does not apply to certain nonprofits, self-insured employer's groups or licensed insurers.

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					with access to a network directory and list of prescription drugs and pharmacies, § 56-57-104(c); right of cancellation within first 30 days with full refund of membership fees, § 56-57-105(a); cannot change cancellation policies without 30 day written notice to members, § 56-57-105(b)	
Texas (2001) Tex. Bus. & Com. Code § 17.46 (18)	All health care providers, but only applies to prescription drug card	NO	YES	YES		
Utah (2005) Laws of Utah § 31A-8a-101 <i>et seq.</i>	All health care providers § 31A-8a-102	YES § 31A-8a-204	YES § 31A-8a-206(3)	YES § 31A-8a-209; § 31A-31-111.	Annual license required, § 31A-8a-201; cannot use words associated with insurance to describe program or marketers; must have written agreement with all marketers; must disclose that discounts available only from participating providers, that participant must pay for services and name and address of entity, § 31A-8a-204; must itemize fees if discount health program is sold with another product that can be purchased separately; must provide participant with complete terms at the time of purchase; must have written contract with purchaser that allows a 10-day cancellation period, § 31A-8a-205; prohibits	Licensing requirement does not apply to insurers or HMOs, § 31A-8a-103(3)

STATE	LAW APPLIES TO DISCOUNTS FROM	REQUIREMENTS				LAW DOES NOT APPLY TO
		MUST EXPRESSLY STATE DISCOUNT IS NOT INSURANCE	PROVIDER MUST BE SUBJECT TO CONTRACT TO OFFER DISCOUNT	MISLEADING, DECEPTIVE OR FRAUDULENT DISCOUNTS PROHIBITED	OTHER REQUIREMENTS	
					restrictions on access to providers such as waiting or notification periods; may not pay providers unless discount program is a licensed TPA, § 31A-8a-206	
West Virginia W. Va. Code § 16-29B-20(a)(2)	Hospitals	NO	NO	NO	No discounts permitted unless approved by Health Care Authority	