



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

BULLETIN HC - 72
August 13, 2008

TO: All Medical Discount Plans Licensed in Connecticut

SUBJECT: Permitted Use of Marketers under Public Act No. 08-181

Effective October 1, 2008, a new Connecticut Law (Public Act No. 08-181) allows Medical Discount Plans (MDPs) licensed in Connecticut to utilize Marketers to sell medical discount plan cards on behalf of a licensed MDP. A Marketer is now permitted to sell the licensed MDP's products under its own (re-branded) name, without having to obtain its own license. A "Marketer" is defined in the law as follows:

"Marketer" means a person that markets, advertises or sells a medical discount plan, including, but not limited to, an entity that markets, advertises or sells a medical discount plan under its own name.

In order for a licensed MDP to use a Marketer which rebrands and sells an MDP card program under the Marketer's name, the MDP must:

- (1) have a written agreement in place with the Marketer, which requires the MDP to approve all marketing materials,
- (2) (a) notify the Connecticut Insurance Department ("Department") in advance of its use of the Marketer(s) and provide the Department with the name, address, and telephone number of the Marketer(s),
(b) provide an accurate list of the MDP's Marketers on its initial MDP license application and an updated list at its annual license renewal,
(c) provide individual electronic updates of Marketer information to the Department in advance of the use of a Marketer,
- (3) ensure that the name, address, and telephone number of the licensed MDP is present on plan materials (in addition to the Marketer name);
- (4) ensure that the Marketer does not contract directly with providers or provider networks, and,
- (5) directly approve all advertising and marketing materials, including brochures and medical discount plan cards, prior to the usage of such materials by the Marketer.

Please note that under the law the licensed MDP is bound by and responsible for the acts of a Marketer, within the scope of the Marketer's agency relationship with the MDP.

Enforcement

In addition to permitting the use of Marketers by licensed MDPs, as described above, the new law also provides additional authority to the Commissioner to enforce statutory compliance, including:

- 1) specific authority to order the licensed MDP to immediately remove a Marketer from the MDP's list of authorized Marketers when materials are used in violation of the statutes,
- 2) the authority to order the licensed MDP to return membership fees paid by state residents who were harmed by the violation,
- 3) a requirement that during an investigation by the Commissioner, the MDP must make available a copy of the contract between the MDP and the Marketer, and
- 4) a requirement that the MDP cooperate in any investigation of the Marketer as ordered by the Commissioner.

Also, under Public Act (08-178), effective October 1, 2008, the maximum levels of fines set for violations of Connecticut's MDP Laws have increased. The new maximums are \$3,000 for a violation of Section 38a-479rr, and \$15,000 for a violation of Section 38a-479qq, of the Connecticut General Statutes.

Please contact the Insurance Department's Fraud, Licensee Investigation and Compliance Unit at 860-297-3921 with any questions.



Thomas R. Sullivan
Insurance Commissioner