



OFFICE OF THE SECRETARY OF STATE  
STATE OF WEST VIRGINIA

**Betty Ireland**  
Secretary of State

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May 28, 2008

NOTICE OF EMERGENCY RULE DECISION BY THE SECRETARY OF STATE

AGENCY: Office of the Insurance Commissioner

RULE: New Rule, 114CSR83, Discount Medical Plan organizations and Discount Prescription Drug Plan Organizations

DATE FILED AS AN EMERGENCY RULE: May 16, 2008

DECISION NO. 2-08

Following review under W. Va. Code §29A-3-15a, it is the decision of the Secretary of State that the above emergency rule is **approved**. A copy of the complete decision with required findings is available from this office.

  
BETTY IRELAND  
Secretary of State

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EMERGENCY RULE DECISION  
(ERD 2-08)

AGENCY: Office of the Insurance Commissioner  
RULE: New Rule, 114CSR83 Discount Medical Plan Organizations and  
Discount Prescription Drug Plan Organizations  
FILED AS AN EMERGENCY RULE: May 16, 2008

- par. 1 The Insurance Commissioner (Commissioner) has filed the above new rule as an emergency rule.
- par. 2 W. Va. Code 29A-3-15a requires the Secretary of State to review all emergency rules filed after March 8, 1986. This review requires the Secretary of State to determine if the agency filing such emergency rule: 1) has complied with the procedures for adopting an emergency rule; 2) exceeded the scope of its statutory authority in promulgating the emergency rule; or 3) can show that an emergency exists justifying the promulgation of an emergency rule.
- par. 3 Following review, the Secretary of State shall issue a decision as to whether or not such an emergency rule should be disapproved [§29A-3-15a].
- par. 4 (A) Procedural Compliance: W. Va. Code §29A-3-15 permits an agency to adopt, amend or repeal, without hearing, any legislative rule by filing such rule, along with a statement of the circumstances constituting the emergency, with the Secretary of State and forthwith with the Legislative Rule-Making Review Committee (LRMRC).
- par. 5 If an agency has accomplished the above two required filings with the appropriate supporting documents by the time the emergency rule decision is issued or the expiration of the forty-two day review period, whichever is sooner, the Secretary of State shall rule in favor of procedural compliance.
- par. 6 The Commissioner filed this emergency rule with supporting documents with the Secretary of State May 16, 2008 and with the LRMRC May 16, 2008.
- par. 7 It is the determination of the Secretary of State that the Commissioner has complied with the procedural requirements of W. Va. Code §29A-3-15 for adoption of an emergency rule.
- par. 8 (B) Statutory Authority -- W. Va. Code §33-15E-4(b) reads:  
  
*b) The Commissioner shall propose rules for legislative approval in accordance with the provisions of article three, chapter twenty-nine-a of this code, as well as emergency rules in accordance with section fifteen of said article, setting forth the licensing requirements. These rules shall include, at a minimum:*  
*(1) All necessary forms and other information considered necessary and required by the Commissioner for processing the license application;*

- (2) Applicable fees;*
- (3) Reciprocity requirements;*
- (4) Time frames for the application and approval process;*
- (5) Conditions of approval of the license application or denial of the license;*
- (6) Renewal process;*
- (7) Notice requirements; and*
- (8) Any other provisions considered necessary by the Commissioner to effectuate the provisions of this article.*

par. 9 It is the determination of the Secretary of State that the Commissioner has not exceeded its statutory authority in promulgating this emergency rule.

par. 10 (C) Emergency -- W. Va. Code §29A-3-15(f) defines "emergency" as follows:

*(f) For the purposes of this section, an emergency exists when the promulgation of a rule is necessary for the immediate preservation of the public peace, health, safety or welfare or is necessary to comply with a time limitation established by this code or by a federal statute or regulation or to prevent substantial harm to the public interest.*

par. 11 There are essentially three classes of emergency broadly presented with the above provision: 1) immediate preservation; 2) time limitation; and 3) substantial harm. An agency need only document to the satisfaction of the Secretary of State that there exists a nexus between the proposal and the circumstances creating at least one of the above three emergency categories.

par. 12 The facts and circumstances as presented by the Commissioner are as follows:

The emergency rule promotes the public interest by establishing standards for Discount Medical Plan Organizations to protect consumers from unfair or deceptive marketing, sales or enrollment practices. This rule recognizes the licensing requirements that a Discount Medical Plan Organization must adhere to before they can obtain a license to conduct business in this state. The rule provides a provisional license which will allow a Discount Medical Plan Organization that is already operating in this state to continue conducting business while their application is pending. In the event the application is denied then the organization must immediately cease operations. This provisional license provision is needed to cover the gap in time between when the statute goes into effect and when the license can be approved. This rule requires a Discount Medical Plan Organization to abide by certain marketing restrictions including, but not limited to, having to display a website address where a plan member can obtain provider information and the restriction that certain terms, such as "insurance" or "health plan", cannot be used in advertising materials. This will help to eliminate misleading and deceptive practices in advertising to consumers. This rule also will help consumers better understand what a Discount Medical Plan organization offers by requiring the organization to make disclosures to the general public that they are only a discount plan and not insurance to ensure that there is no confusion on the part of the

consumer and that the consumer is not tricked into buying the product. This rule also requires the Discount Medical Plan organization to make multiple disclosures to a new plan member including, but not limited to, fees and charges of a plan, mode of payment, plan limitations, waiting periods for certain benefits, cancellation procedures and many more so that the consumer is fully aware of the terms and conditions of the plan they are entering into. This rule allows protection for the consumer by ensuring the company is licensed, by providing knowledge to the consumer and by eliminating deceptive marketing. Accordingly, to delay the protections afforded by this rule would be detrimental to the public's interest. The Commissioner's adoption of this emergency rule has been in a timely manner. Because the statute passed by the Legislature during the 2008 session requires rules to be promulgated and the statute goes into effect before a legislature rule can be approved, it must be adopted as an emergency rule to be effective for June 1, 2008.

- par. 13 It is the determination of the Secretary of State that this proposal qualifies under the definition of an emergency as defined in §29A-3-15(f). . . "to prevent substantial harm to the public interest"
  
- par. 14 This decision shall be cited as Emergency Rule Decision 2-08 or ERD 2-08 and may be cited as precedent. This decision is available from the Secretary of State and has been filed with the Office of the Insurance Commissioner, the Attorney General and the Legislative Rule Making Review Committee.

  
BETTY IRELAND  
Secretary of State

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