17v	Subsection (h) incorporates provisions of the KKA which are duplicative or should not be applied to discount health plans: We suggest that subsection (h) be amended to read: (h) All discount health plan marketing practices shall comply with the requirements of sections ~~1360, 1361,~~ 1363~~(d),~~ (f) and (g) ~~and 1395(a)~~ of the Act and sections 1300.51.01(c) (Exhibits Z and AA), ~~1300.59, 1300.61,~~ 1300.61.3, ~~1300.76.2,~~ and 1300.85.1 of Title 28, except the plan shall replace terms that apply to health care service plans with terms appropriate for the discount health plan's licensure and operation.	Reject: The comment is not related to proposed changes to the text.
17w	Subsection (i) not relevant to discount health plans: It is unclear how the rule protects consumers by prohibiting them from incentives, such as free month trial. We suggest subsection (i) be deleted.	Reject: The comment is not related to proposed changes to the text.
17x	Subsection (j) contains no standards for approval: If range of discounts require DMHC approval, the standards for approval should be set out in the rule so that all companies are treated equally.	Reject: The comment is not related to proposed changes to the text.
17y	Subsection (l) should only be required if plan markets towards non-English speaking community: We suggest that subsection (i) be amended to read: (1) A discount health plan, or any discount health plan solicitor or solicitor firm which solicits enrollment of subscribers or enrollees, must disclose, in all marketing materials and telephone calls, the telephone number for the plan's toll-free customer assistance call center ~~and the availability of interpretation services at the customer assistance call center~~.	Reject: The comment is not related to proposed changes to the text.
17z	Section 1300.49.1.4 (a) The scope is unclear: Does the standard apply only to specific discounts listed in those materials? The language of this proposed rule leaves many unanswered questions.	Reject: The comment is not related to proposed changes to the text.
17aa	Usual and customary charge: It would be impractical for discount health plans to comply with this mandate in Section 1300.49.1.4(a). Discount plans do not have the leverage to force existing provider networks to renegotiate all of their individual provider agreements and provide 20% discount.	Reject: The comment is not related to proposed changes to the text.
17bb	20% discount for non-Medicare services: This is not based on any particular provision of the KKA and is misplaced. DMHC should not be setting prices for discounted health services.	Reject: The comment is not related to proposed changes to the text.
17cc	DMHC's attempt to prevent discount plans from advertising: It violates the plans' commercial free speech rights under the U.S. and California Constitutions.	Reject: The comment is not related to proposed changes to the text.
17dd	Proving alternative fee arrangement is "bona fide": These are completely undefined terms for a discount health plan to prove. The rules should provide clear standards not vague references.	Reject: The comment is not related to proposed changes to the text.
17ee	The term "promised discount": This term is vague and needs to be clarified.	Reject: The comment is not related to proposed changes to the text.

17ff	Annual reporting requirements in subsection (e): These rules are burdensome and unworkable. Discount plans do not track utilization. This requirement is not practical. We suggest that section 1300.49.1.4 be deleted in its entirety.	Reject: The comment is not related to proposed changes to the text.
17gg	Terms in Section 1300.49.1.5(a) are vague: Discount plans do not maintain this information and there is no practical way for a plan to meet this requirement.	Reject: The regulation is necessary to ensure that consumers have access to providers that are in their area.
17hh	Section 1300.49.1.5(a)(4) complying with geographic accessibility standards: These type of requirements maybe relevant to managed care plans but are overbroad and burdensome when applied to a discount health plan. We suggest subsection (a) be deleted.	Reject: see comment #17gg
17ii	Streamlined grievance process for discount health plans: Subsection (a) contains provisions more applicable to managed care plans. We suggest that a more streamlined process be created for discount health plans.	Reject: The comment is not related to proposed changes to the text.
17jj	The terms "complaints" and "grievances" in subsection (a): This is vague and overbroad that it requires a discount health plan to comply with all the procedures for a simple complaint that is quickly resolved. We suggest deleting the word "complaint."	Reject: The comment is not related to proposed changes to the text.
17kk	Filing quarterly reports on each "complaint and grievance": It is unclear what "complaint" means and it is too overbroad. No reason to require non-insurance discount plans to comply with the same level of reporting.	Reject: The comment is not related to proposed changes to the text.
17ll	Section 1300.49.1.7 Cancellation and Termination: This provision makes sense to an HMO plan but discount health plans have no incentive to drop subscribers. We suggest that subsection (a) be amended to read: (a) Discount health plans shall comply with the requirements of section 1365(a) and (c) of the Act and sections 1300.65(a), (b), (c)(1)-(3), (d) and (e) ~~and 1300.65.1~~ of Title 28.	Reject: The comment is not related to proposed changes to the text.
17mm	The provision that allows plans to retain only their 'actual administrative costs of enrolling the subscriber" is vague and difficult to implement: The discount plan's only costs are its administrative costs. To make the process simpler on plans and the DMHC, the rule should simply set a $30 limit for a one-time enrollment fee.	Reject: The comment is not related to proposed changes to the text.
17nn	Plans should not have to make a pro rata reimbursement if a subscriber cancels after 30 days: It is costly and burdensome to force a plan to refund a partial month	Reject: The comment is not related to proposed changes to the text.

17oo	Pro rata refund of the entire administrative fee if that subscriber cancels after initial period makes no sense: We suggest that subsection (b) be amended to read: (b) A discount health plan shall provide for refund of prepaid or periodic charges upon cancellation of a subscriber contract as follows: (1) A discount health plan shall provide a period of not less than 30 days following enrollment in which a subscriber may cancel the subscriber contract and obtain full reimbursement of the money paid to the plan less ~~an amount that represents the plan's actual administrative costs of enrolling the subscriber, such as printing and mailing required disclosures, but which shall not~~ a one-time processing fee not to exceed $30. (2) ~~Upon cancellation of a subscriber contract after the initial 30 days of enrollment, the plan shall, within 30 days, return to the subscriber the pro rata portion of the money paid to the plan which corresponds to any unexpired period for which payment has been received.~~ If a discount health plan cancels a membership for any reason other than nonpayment of charges by the member, the discount health plan shall make a pro rata reimbursement of all prepaid or periodic charges. ~~(3) For purposes of this section "money paid to the plan" shall include all fees paid to the plan in connection with enrollment, including but not limited to prepaid or periodic charges, enrollment fees, and administrative processing fees. If administrative fees or other fees are charged to subscribers or enrollees as a one-time fee or as an annual fee, the pro rata refund shall be based on a twelve month contract term.~~	Reject: The comment is not related to proposed changes to the text.
17pp	Language Assistance (b) should be deleted: There is no standard for discount health plans to use in assessing the needs of their population. It is also burdensome to require them to conduct linguistic assessments akin to those required of large managed care plans.	Reject: The regulation provides examples in the language assessment requirements tailored to the business model of discount plans. The regulation is less burdensome than the requirements for non-discount health plans; however, some assessment is necessary to ensure that the language needs of enrollees are met. Please see Health and Safety code section 1367.04.

17qq	Availability of interpretation services only if they market in a non-English language: We suggest subsection (d) be amended to read: (d) ~~A~~ If a discount health plan directs marketing activities towards persons with limited English proficiency as defined in subsection (a), it must disclose the availability of interpretation services at the customer assistance call center in all marketing materials aimed at and telephone calls to potential subscribers or enrollees with limited English proficiency, all contracts with subscribers or enrollees with limited English proficiency, and all disclosure forms provided to subscribers or enrollees with limited English proficiency. Confirmation of compliance with this section shall be filed under Exhibits S, V, Y and/or Z, as appropriate.	Reject: The comment is not related to proposed changes to the text.
17rr	Financial and administrative requirements not fair or realistic: These fees are excessive for discount health plans. Unlijke HMOs that have billions of dollars in revenues but most discount health plans are small business and should not be treated like insured specialized plans for fee purposes. We suggest that subsection (a) be replaced with a licensing and annual fee that more reasonably reflects the nature of the discount industry.	Reject: The comment is not related to proposed changes to the text.
17ss	Demonstrating financial viability "for the nature of its operations" is a vague standard: We suggest the rule adopt the approach reflected in Exhibit HH of the proposed application. Subsection (b) should be amended to read: (b) Discount health plans shall demonstrate financial viability ~~for the nature of its operations. The clause in section 1375.1, subdivision (a)(2) that states "Assumed full financial risk on a prospective basis for the provision of covered health care services" shall not apply to discount health plans that are licensed by the Department and in full compliance with the requirements for such licensure~~ by demonstrating that they have a net worth of $150,000 or by obtaining a surety bond in the amount of $50,000.	Reject: The comment is not related to proposed changes to the text.
17tt	Subscriber and enrollee disclosure forms 1300.49.1.10 (a) is vague and unclear: It is unclear what the rule means by "description of discounted services" because if not clarified, it could apply to every piece of correspondence a plan sends to subscribers.	Reject: The comment is not related to proposed changes to the text.
17uu	Subscriber and enrollee disclosure forms 1300.49.1.10(a) is also overbroad and burdensome: This filing requirement could require companies to submit thousands of pages of duplicative materials. We suggest subsection (a) be deleted.	Reject: The comment is not related to proposed changes to the text.
17vv	Name of discount health plan on discount card should be clarified: The discount card should require the name of the discount plan or private label solicitor. If discount plan is sold by a private label solicitor, the name of that solicitor will be on the card.	Reject: The comment is not related to proposed changes to the text.

17ww	Requiring the disclosure of subsection (e)(4) will take away valuable space on card: We suggest that subsection (d) be amended to read: (d) Discount cards intended for presentation to health care providers as evidence of an enrollee's entitlement to discounts shall contain all of the following: (1) The name of the discount health plan or solicitor that attaches its own private label name and the telephone number for ~~its~~ the toll-free customer service call center; (2) A prominent statement that the discount health plan is not insurance ~~and the enrollee must pay the provider directly~~; and (3) Sufficient information to ensure that the network provider will recognize the discount plan~~;~~ ~~(4) If the discount card contains the name of a private label marketer, prominent statements equivalent to those required by subsection (d)~~.	Reject: The comment is not related to proposed changes to the text.
17xx	Subscriber contracts subsection (a) is vague and overbroad: It is not clear what qualifies as a "group" contract. This prohibition appears to apply to all groups, not just employers. We suggest this subsection (a) be deleted.	Reject: The comment is not related to proposed changes to the text.
17yy	Prohibiting discount plans from imposing any waiting periods: We do not oppose this concept; however, it should be amended to allow a 30-day waiting period for hospital stays. We suggest that subsection (c)(1) be amended to read: (1) Impose any waiting period (except for a 30-day waiting period for hospital discounts) or preexisting condition exclusion upon the provision of advertised discounted health care services.	Reject: The comment is not related to proposed changes to the text.
17zz	Providing written notice of a participating provider's termination is unworkable: Discount health plans do not have any involvement in the provider/patient relationship or keep track of what providers are utilized. We suggest that subsection (d) be amended to read: (d) A discount health plan's forms of subscriber contracts shall comply with the requirements of section 1300.51.01(c) (Exhibits P and Q) and 1300.67.4 (except subsection (a)(8) thereof) of Title 28, except that the plan shall replace terms that apply to health care service plans with terms appropriate for the discount health plan's licensure.	Reject: The comment is not related to proposed changes to the text.

17aaa	Provider contracts subsection (a)(1) is unclear and unnecessary: It is cost-prohibitive to require provider networks to affirmatively contact thousands of providers every time they lease their networks to a new entity. We suggest that subsection (a)(1) be amended to read: (1) The provider contract may be entered into directly with individual providers or indirectly through either one or more provider networks that maintain written contracts with individual providers, or other discount health plans that maintain written contracts with such networks. ~~The discount health plan shall document that each provider has been notified of, and agrees to, the terms of the discount product prior to inclusion in the provider directory. The provider contract shall require verification that all provider billing affiliates have also been notified of, and agree to bill according to, the terms of the discount product.~~	Reject: The comment is not related to proposed changes to the text.
17bbb	Reviewing the compliance of a discount plan provision is vague: We believe a discount health plan either has compliant provider contracts or it does not. We suggest that subsection (a)(2) be deleted.	Reject: The comment is not related to proposed changes to the text.
17ccc	Provider contracts to comply with the various KKA provision requires several changes: Section 1300.67.8(a) does not apply to discount health plans since they do not make any payments to providers.	Reject: The comment is not related to proposed changes to the text.
17ddd	Access to patient records does not apply to discount plans: Discount health plans are not involved in the provider/patient relationship so this requirement is also inappropriate.	Reject: The comment is not related to proposed changes to the text.
17eee	Subsection (c)(1) is vague and unnecessary and should be deleted: It is unclear what "terms and conditions" would allow discount health plans to satisfy this requirement.	Reject: The comment is not related to proposed changes to the text.
17fff	Discount health plans cannot "verify" that discounts are being provided: The subscriber receives the bill not the plan. Subsection (b)(1) should be deleted.	Reject: The comment is not related to proposed changes to the text.
17ggg	Subsection (c)(3) is burdensome and unnecessary and should be deleted: It is unclear what types of providers or services would be subject to this requirement.	Reject: The comment is not related to proposed changes to the text.

17hhh	Subsection (c) requirement is unnecessary and it would be difficult to renegotiate all of our contracts: Subsection (c) should be amended to read: (c) A discount health plan's forms of provider contract shall comply with the requirements of sections 1367(a), (b), and (c) of the Act and sections 1300-.51.01(c) (Exhibits K) and 1300.67.8~~(a),~~ (b)~~, (c)~~ and (d) of Title 28, except the plan shall replace terms that apply to health care service plans with terms appropriate for the discount health plan's licensure. Provider contracts shall also contain terms and conditions sufficient to enable the plans: ~~(1) To verify that network providers are delivering bona fide discounts to enrollees as advertised;~~ (2) ~~T~~to enforce the provision of discounts by the individual providers in its contracted networks~~; and~~ ~~(3) To require the provider to disclose, to the extent feasible for the nature of the services specific pricing information to plan enrollees upon request before the service is rendered.~~	Reject: The comment is not related to proposed changes to the text.
17iii	Discount plans should not be required to obtain executed copies of every contract: It should be clarified that only direct agreements be maintained. Subsection (e) should be amended to read: (e) The discount health plan shall maintain an executed copy of each active provider agreement into which it has directly entered into, and shall make the contracts available for the Department's inspection upon request.	Reject: The comment is not related to proposed changes to the text.
17jjj	Type of plan contract categories: Discount health plans should not be forced in the categories of "general" and "specialized". We suggest that (B)(1) and (2) be collapsed into one section.	Reject: The comment is not related to proposed changes to the text.
17kkk	Internal quality and compliance review system is vague and ambiguous: "Access" and "availability" are not defined. DMHC does not define what an "audit" should entail.	Reject: The comment is not related to proposed changes to the text.
17lll	Plans should not be required to submit a "narrative explanation" for "bona fide discounts" and provider "accessibility": We suggest that you further specify the requisite type of grievance system and give consideration to the existing practice and resources of the discount industry.	Reject: The comment is not related to proposed changes to the text.
17mmm	Contracts with providers comply with the Act provision does not apply to discount plans: This provision is inapplicable to discount health plans and the reference to section 1379 should be deleted from subsection (K).	Reject: The comment is not related to proposed changes to the text.
17nnn	Complying with Exhibit O requirement is antithetical to discount health plans: Discount plans do not make coverage decisions or pay for any medical services. Subsection (O) should be deleted.	Reject: The comment is not related to proposed changes to the text.
17ooo	Group and subscriber contracts should not apply to discount health plans: Discount plans have no financial incentive to cancel subscribers to avoid paying claims. We suggest that the reference to section 1365 be deleted.	Reject: The comment is not related to proposed changes to the text.

17ppp	Section 1300.67.4 does not apply to discount plans: Discount plans do not pay claims or do not keep track of what providers are utilized by subscribers. We suggest that the reference to section 1300.67.4 be amended to exclude subsection (a)(8).	Reject: The comment is not related to proposed changes to the text.
17qqq	Section 1300.67.4(a)(10) does not apply to discount health plans: Discount plans are not liable for any covered services. We suggest the reference to section 1300.67.4 also be amended to exclude subsection (a)(10).	Reject: The comment is not related to proposed changes to the text.
17rrr	Section 1300.49.1.11(a) does not apply to discount health plans: Plans should not be required to describe how they comply with that prohibition.	Reject: The comment is not related to proposed changes to the text.
17sss	Advertising provisions referencing the Act and the rule: It is unclear why these provisions have been referenced here and we suggest that they be removed.	Reject: The comment is not related to proposed changes to the text.
17ttt	Several enrollee/subscriber grievance procedures provisions do not apply: Several provisions of these laws do not apply to discount plans. Section 1368 (a)(2) is highly burdensome and unnecessary and discount health plans should not have to comply.	Reject: The comment is not related to proposed changes to the text.
17uuu	A written acknowledgement of a grievance is unnecessary for discount plans: Discount plans do not make coverage decisions and it does not make sense for a discount plan to comply. We suggest the reference be replaced with a requirement that discount plans send a written acknowledgment to any complainant whose grievance is still unresolved after five business days,	Reject: The comment is not related to proposed changes to the text.
17vvv	Marketing of group and individual contracts conflicts with section 1300.49.1.3 of proposed rule: The presentation is also burdensome and unnecessary when applied to discount plans. The reference to section 1365(d) should be deleted from subsections (Y) and (Z).	Reject: The comment is not related to proposed changes to the text.
17www	Discount health plans already comply with section 1300.76.2: Discount health plans are already required to maintain a $150,000 net worth. We suggest that the reference to section 1300.76.2 be deleted.	Reject: The comment is not related to proposed changes to the text.
17xxx	Solicitation contracts irrelevant to discount health plans: Discount health plans do not pay claims, the rate of compensation paid to a marketer is irrelevant. Discount health plans should not have to submit Exhibit BB-3.	Reject: The comment is not related to proposed changes to the text.
17yyy	Projected financial viability is for HMOs or insured plans: The only costs of a discount health plan are its administrative costs. Discount plans should not have to keep these costs below 15% or submit Exhibit HH-5.	Reject: The comment is not related to proposed changes to the text.
18	Supports the Department's efforts.	Accept.

19	"Discount health products" which are limited to prescription drugs should be regulated as a limited discount health plan. Certain provisions of the proposed regulations are not applicable to discount prescription drug products, in particular section 1300.49.1.4. (1) The method used by operators of prescription drug products to establish discounted pricing with participating pharmacies is not based on the billed charge of the pharmacy. It is based on the cost of the drug. (2) The negotiated discounts may differ from pharmacy to pharmacy. It is not possible to generate a fixed average discount across all drugs at all pharmacies within California.	Reject: The comment is not related to proposed changes to the text.
19b	Section 1300.49.1.1(c) Requests clarification that a dispensing fee/service fee paid by the member/cardholder at the point-of-sale in addition to the cost of the drug would not be considered a "charge" thus subjecting the plan to the regulations, as long as the member/cardholder may freely access discounted products without paying an enrollment or membership fee, or other consideration, in exchange for the right to access discounted products.	Reject: The comment is not related to proposed changes to the text. Because this issue is related to a specific product, the commenter may submit a request for an Interpretive Opinion pursuant to 28 CCR section 1005.
20a	Section 1300.49.1.1(b) joins in CAHP's comment and proposed revision that address the application of the discount regulations to health care services plans that are already licensed plans. Also suggest that when a health care service plan contracts with a licensed discount plan that the former need only file an amendment.	Reject: The regulation is necessary because a new product contract is a material change.
20b	Section 1300.49.1.2(c)-Clear identification of the discount health plan and product: the step of prohibiting plans from using established trade names is unnecessary and ill serves the public. We propose that subsections (A) and (B) be deleted.	Reject: The comment is not related to proposed changes to the text.
20c	In addition, and as an alternative to 1300.49.1.2 (c): it should be clarified that the regulation would permit a licensed non-discount plan to offer a discount product from a separate discount plan and still use its own brand name.	Reject: The comment is not related to proposed changes to the text.
20d	Section 1300.49.1.3(g) This regulation fails to recognize that employers and consumers often want these products as complements to each other – consumers want to purchase them as an add-on benefit and employers want to offer these products to their employees to show that they support oral health. From the standpoint of consumer transparency, it should make no difference whether the plan offers them together or whether the broker puts them side by side. Therefore, we urge the Department to delete this prohibition.	Reject: The comment is not related to proposed changes to the text.

20e	Section 1300.49.1.4 Continues to believe that the 20% discount as a requirement for each service offered by each provider is an unrealistic standard that is attempting to impose a one-size-fits-all appoint on the market. The Department should continue to accept alternative methodologies as permitted under section 1300.49.1.4(b)(1)(B)(iii) rather than requiring a fixed approach to calculating the discount under section (b)(1)(B)(i) and (ii). The Department should be amenable to alternative means of providing a discount so long as the plan make an accurate representation of how it achieves discounts, how they are calculated, and how they are explained to both the Department and to the consumer/purchaser of these products.	Reject: The comment is not related to proposed changes to the text.
20f	Section 1300.49.1.7(b)(2) A consumer can quickly dip in and out by accessing the network and then terminating immediately and receiving a refund of monies. This regulation creates the potential for enormous and perhaps unsustainable economic risk. Requests that after 30 days, the plan not be required to refund any portion of the premium for the un-expired payment period and that section 1300.49.1.7(b)(2) be deleted.	Reject: The comment is not related to proposed changes to the text.
21a	Suggest the following revision be made: Language clarifying that the regulations do not apply to health care service plans offering a discount health product to their membership at no additional charge, regardless of whether the product or service is offered as a stand-alone or as an adjunct to the plan's licensed product. While we appreciate the Department's inclusion of language in the second draft that states that discount products offered free of charge are not subject to the regulations, concerned that the language does not fully protect plans. Suggest revision make the applicably of the regulations very clear.	Reject: The proposed change is not consistent with the Department's responsibility to oversee these products.
21b	Suggest the following revision be made: Language clarifying the requirements for health care service plans offering discount health products for a charge in addition to the charge for the plan's licensed product. As health care service plans are already subject to the KKA and regulations, suggests limiting the scope of the proposed discount plan regulations to certain consumer protection requirements, as specified.	Reject: The proposed regulation is necessary so that all discount products, as defined in the regulation, are subject to the same rules.
21c	Suggest the following revision be made: Language clarifying that plans who are offering discount products through a licensed discount health plan are able to file an amendment to their license application, rather than a notice of material modification.	Reject: The regulation is necessary because a new product contract is a material change.