21d	Suggest the following revision be made: Deletion of the term and definition of value added services. Believes the definition of value added services is confusing as it encompasses services that are not health care services. By definition, a discount health product is one that offers discounts on health care services. Discount on non-health care services would not be subject to these regulations.	Reject: The regulation is necessary for clarity.
21e	Suggest the following revision be made: Delayed implementation. Plans need time to comply with the proposed regulations. As such, proposing an effective date of January 1, 2012. This implementation period will give plans the time they need to prepare and see approval of the notice of material modification, as well as modify other internal processes.	Reject: The regulations are necessary now; applications are currently being processed and consumer complaints are received consistently regarding discount health plans, and these regulations are necessary to address both as soon as possible.

Discount Health Plans Regulation: Comments Received at October 5, 2010 Public Hearing

#	Comment Summary	Department Response
1b	Regarding "free" discount cards: It is not clear what is meant by the "fee" charged for the card. Is a "dispensing" fee charged by the pharmacy (shared by the pharmacy and the plan) a "fee?"	Reject: A free discount card would not have any cost to (or on behalf of) the enrollee in exchange for the arrangement of discounted health services. Please see Health and Safety Code section 1345(f). If further clarification is required, the commenter may submit an interpretive opinion request under Title 28, section 1005, of the California Code of Regulations regarding a particular product.
2b	The 20% discount requirement, if it is meant to be per item, does not work for pharmacy discount networks, who do not arrange discounts per drug.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.
3b	Pro rated refund requirement for cancellation puts the viability of the products at risk. Enrollees can cancel as soon as they have planned and received their dental services. Membership should be held to an annual requirement.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.
4b	The refund requirement adds to the administrative costs of the product, which increases the cost to the consumer.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.
5b	Changing of trade names incurs a significant expense, especially for nationwide products. Changing of trade names is not necessary for transparency; full disclosure is sufficient.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.
6b	The changes to healthcare in 2014 include a mandated children's dental insurance benefit, and plans should be allowed to market a discount dental product to parents in conjunction under the same offer. Consumers want all options open when they purchase coverage.	Reject: The Department has no way to know what products will be available to consumers in 2014; therefore such a requirement cannot be included in the regulation.
7b	Prohibiting the use of a trade name loses the value of the trust the valued company has earned.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.
8b	Enrollees must be required to commit to a full year of membership; consumers would use it for the first month then cancel. Pricing for these products is based on a 1 year commitment, so allowing "adverse selection" would raise the price of the product.	Reject: this section was not amended during this comment period.
9b	Discount plans are illegal; the Department does not have the authority to legitimize discount health plans. Sections 445 and 650 and several Attorney General Opinions, as well as the failure of legislation, demonstrate these plans are illegal.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.
10b	There is no quality control over the physicians in these discount programs. Marketing clarity will not help consumers understand that these products are not insurance; consumers should spend money on true insurance products instead.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.

11b	Many physicians are not aware that they have been listed as participating providers under these discount plans.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.
12b	Consumers have been injured by discount plans; some consumers go outside of the US for discounted services and may come back injured or dead. Quality control of physicians is not assured under these regulations.	Reject: The comment concerns issues beyond the scope of these regulations.
13b	The requirements regarding disclosure, marketing, solicitation, and the call center are good and helpful for dispelling the confusion to consumers, especially for limited English speakers.	Reject: this section was not amended during this comment period.
14b	The regulations should not use the term "discount health plan" at all; the use of the term is not consistent.	Reject: The changes made to these terms were made for consistency with the definitions in section 1300.49.1.1. The term "discount health plan" is consistent with the definition of health care service plan in health and safety code section 1345(f).
15b	The new exemption to the timely access standard is not good: Timely access standards should apply.	Reject: The proposed change is unsupportable by the business model of the discount health plan.
16b	It remains confusing which sections of the KKA should or should not apply.	Reject: The comment is not related to the sections amended during this comment period.
17b	The new wait time on the phone (10 minutes) is too long; consumers will give up.	Reject: The change was necessary for consistency with the wait time applicable for other types of health plans under the timely access requirements.
18b	The 30 day cancellation period is necessary and should remain.	Reject: The comment is not related to the sections amended during this comment period.
19b	The provision requiring discount plans to make up the difference where a discount is not honored is good and should remain.	Reject: The comment is not related to the sections amended during this comment period.
20b	There should be some other measurement standard besides billed charges for services not covered by Medicare, some other contracted rate.	Reject: The comment is not related to the sections amended during this comment period.
21b	The list of physicians should only include physicians who are currently accepting patients.	Reject: The comment is not related to the sections amended during this comment period.
22b	Telephone enrollment should be prohibited.	Reject: The comment is not related to the sections amended during this comment period.
23b	Discount plans are illegal according to the Attorney General; they mislead and harm patients and pull enrollees out of legitimate risk pools. Legitimizing discount plans is like legitimizing bank robberies.	Reject: The comment is not related to the sections amended during this comment period.
24b	Discount plans will not decrease the cost of health care; they siphon	Reject: The comment is not related to the sections amended during this

	money away from legitimate insurance. Issue should be handled by the Attorney General.	comment period.
25b	The provision prohibiting sales in conjunction with insurance should be preserved because consumers would be confused.	Reject: The comment is not related to the sections amended during this comment period.
25b	Known contracted rates should be used rather than "billed charges" in measuring the value of the discount	Reject: Some services do not have a contracted rate that is verifiable against a measurable benchmark. The commenter also does not specify which contracted rate should be the one that the discount is measured against
25b	The 30 cancellation period is necessary and should be preserved.	Reject: The comment is not related to the sections amended during this comment period.
26b	The increased language protections in the revised regulation are appreciated.	Accept.
27b	The new exemption for pharmacy discount plans is troubling.	Reject: The proposed change is necessary to clarify that a free pharmacy discount product is not subject to the regulation. Please see Health and Safety code section 1345(f).
28b	A new disclosure should be required that the discount plans do not meet the standard for the individual Federal mandate for health insurance.	Reject: Discount Plans are required to disclose to consumers that they are not health insurance. Please see sections 1300.49.1.3 and 1300.49.1.10 of the regulation.
29b	By 2014, most discount plans will not be offering basic health care services because of the Federal individual insurance mandate.	Noted; speaker did not specify the change requested to the regulations regarding this comment.
30b	DMHC does not have the authority to regulate discount health plans; litigation will follow the adoption of these regulations.	Reject: this section was not amended during this comment period, and this issue has been addressed in prior comments.
31b	The exemption for "free" benefits needs clarification regarding the licensing requirement.	Reject: The term "free" is used in the general meaning of the word. A program that is free would not fit into the definition of a health care services plan, Health and Safety Code section 1345(f) and is not under the Department's jurisdiction.
32b	Why does AAA have an exemption and not other groups such as AARP?	Reject: The commenter did not provide sufficient information on "other" groups to determine whether an exemption is appropriate. Such requests will be considered on a case-by-case basis.
33b	The new additional language requirements are overly burdensome.	Reject: The proposed regulations are necessary for consumer access and protection.
34b	The Department should adopt and follow the NAIC model rules for discount health plans.	Reject: The NAIC model code was one of the many documents considered by the Department during the development of this regulation. However, the model code conflicts with, or does not address, several

		issues and requirements of California law, and these regulations were developed to address both the issues raised by the NAIC model code and the specific legal requirements for California.