

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005  
4

As Engrossed: H2/2/05 S3/3/05

# A Bill

HOUSE BILL 1209

5 By: Representative Thomason  
6 By: *Senator Hill*  
7

## For An Act To Be Entitled

10 AN ACT TO REQUIRE DISCLOSURES BY SELLERS OF  
11 HEALTH-RELATED CASH DISCOUNT CARDS; TO PROVIDE A  
12 CANCELLATION PERIOD FOR THE PURCHASE OF HEALTH-  
13 RELATED DISCOUNT CARDS; AND FOR OTHER PURPOSES.  
14

### Subtitle

15  
16 AN ACT TO REQUIRE DISCLOSURES BY SELLERS  
17 OF HEALTH-RELATED CASH DISCOUNT CARDS  
18 AND TO PROVIDE A CANCELLATION PERIOD FOR  
19 THE PURCHASE OF HEALTH-RELATED DISCOUNT  
20 CARDS.  
21

22  
23  
24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
25

#### SECTION 1. Legislative intent.

26  
27 (a) It is found and determined by the General Assembly that:

28 (1) Consumers in the State of Arkansas purchase health-related  
29 cash discount cards with the expectation that all health-related cash  
30 discount cards will provide significant savings for the cost of health care;

31 (2) Many consumers in the State of Arkansas purchase health-  
32 related cash discount cards without the seller providing a full explanation  
33 of the range of discounts offered and whether consumers' health-care  
34 providers will accept the card; and

35 (3) Many health-related cash discount card providers do not  
36 clearly indicate in advertisements or during the sales process that discount



1 cards are not insurance.

2 (b) This act is intended to provide consumers in the State of Arkansas  
3 with:

4 (1) Additional protections that will ensure that they have  
5 sufficient information with which to make an informed decision before  
6 agreeing to purchase a health-related cash discount card; and

7 (2) A sufficient time period in which to cancel a health-related  
8 cash discount card.

9  
10 SECTION 2. Arkansas Code § 4-106-201 is amended to read as follows:

11 4-106-201. Prohibited practices.

12 It shall be unlawful and a violation of this subchapter for any person  
13 to sell, market, promote, advertise, or otherwise distribute any card or  
14 other purchasing mechanism or device which is not insurance that purports to  
15 offer discounts or access to discounts from health care providers in health-  
16 related purchases where:

17 (1) The card or other purchasing mechanism or device does not  
18 *expressly provide in bold and prominent type that the discounts are not*  
19 *insurance;*

20 (2) The card or other purchasing mechanism or device does not  
21 expressly provide in bold and prominent type on the card or a statement  
22 attached to the card that the consumer has the right to cancel his or her  
23 registration within thirty (30) days from the effective date of the card or  
24 other purchasing mechanism or device;

25 ~~(2)(3)~~ The discounts are not specifically authorized by an  
26 individual and separate contract with each health care provider listed in  
27 conjunction with the card or other purchasing mechanism or device; ~~or~~

28 ~~(3)(4)~~ The discounts or access to discounts offered or the range  
29 of discounts or access to the range of discounts offered are, regardless of  
30 the literal wording used:

31 (A) Misleading;

32 (B) Deceptive; or

33 (C) Fraudulent;

34 ~~(4)(5)~~ The card or any advertisements for the card in any form,  
35 include words or phrases that are commonly associated with the business of  
36 insurance, such as "health plan", "pre-existing condition", or "coverage" in

1 a way that could have a tendency to deceive the public into believing that  
2 the cards are a form of insurance.

3 ~~(5)~~(6) The contract for the card or other purchasing mechanism  
4 or device, or any other document that is provided to the consumer at the time  
5 the card or other purchasing mechanism or device is received, does not  
6 contain:

7 (A) Information in bold and prominent type that a consumer  
8 has the right to cancel his or her registration within thirty (30) days from  
9 the effective date of the card or other purchasing mechanism or device; and

10 (B) Instructions on how a consumer may cancel his or her  
11 registration;

12 (7) Printed advertisements and other printed promotional  
13 materials concerning the card or other purchasing mechanism or device do not  
14 expressly provide in bold and prominent type that:

15 (A) The discounts are not insurance; and

16 (B) The card or other purchasing mechanism or device  
17 contains a thirty-day cancellation period; or

18 (8) Electronic advertisements and other electronic promotions  
19 concerning the card or other purchasing mechanism or device, including, but  
20 not limited to, radio, television, the Internet, and telephone solicitations,  
21 do not expressly state in a prominent manner that:

22 (A) The discounts are not insurance; and

23 (B) A consumer has the right to cancel the registration  
24 within a thirty-day period under § 4-106-205.

25  
26 SECTION 3. Arkansas Code § 4-106-202(a), pertaining to persons who may  
27 enjoin violations related to health-discount cards, is amended to read as  
28 follows:

29 (a) ~~Any~~ The Attorney General, any person, firm, private corporation,  
30 municipal or other public corporation, or trade association may maintain an  
31 action to enjoin a continuance of any act or acts in violation of this  
32 subchapter and for the recovery of damages.

33  
34 SECTION 4. Arkansas Code § 4-106-202(c), pertaining to venue for  
35 actions related to health-discount cards, is amended to read as follows:

36 (c) An action for violation of this section may be brought:

