

50-1,101. Same; unlawful acts; promotion or sale of discount card by supplier; conditions on; registration of supplier; financial responsibility. (a) Any supplier who markets, promotes, advertises or otherwise distributes any discount card in Kansas shall not make misleading, deceptive or fraudulent representations regarding the discount or range of discounts offered by such discount card or the access to any range of discounts offered by such discount card.

(b) Any supplier who sells any discount card in Kansas shall:

(1) File an annual notice with the secretary of state of the intention to sell the discount card on a form as prescribed by the secretary of state to be signed under penalty of perjury.

(2) State in bold and prominent type that such discount is not insurance on all advertisements and on all discount cards;

(3) have a separate contract with each health care provider or network of health care providers listed in conjunction with the discount card;

(4) not make misleading, deceptive or fraudulent representations regarding the discount or range of discounts offered by such discount card or the access to any range of discounts offered by such discount card; and

(5) (A) Except as provided in subparagraph (B), provide each prospective customer before purchase or at the time of the confirmation required by K.S.A. 50-672, and amendments thereto, a written list for each type of service offered in conjunction with the discount card containing the name, address, and phone number of the closest 25 health care providers in the prospective customer's service area that are contractually bound to honor the discount card. The written list of providers may be provided electronically if requested in that format by the prospective customer.

(B) Unless the supplier has complied with subparagraph (A), the supplier of the discount card must provide the customer a 30-day right to cancel and shall mail the written list required by subparagraph (A) of paragraph 4 within seven calendar days of the date of the transaction.

(6) Make available to each customer on an ongoing basis thereafter through a toll-free telephone number, the internet, or in writing upon request, the name, address and phone number of all health care providers in such customer's service area who are contractually bound to honor the discount card.

(7) Maintain a surety bond in the amount of \$50,000. The surety bond shall be submitted to the secretary of state along with the annual notice. Each surety bond shall be approved by the attorney general prior to filing. Each surety bond shall be subject to the following:

(A) A copy of the bond, and thereafter proof of annual renewal of the bond, shall be filed with the secretary of state with the annual notice. Each such filing shall be accompanied by a filing fee of no more than \$250 to cover the cost of filing and administration. Fees received under this act by the secretary of state shall be deposited in the state treasury to the credit of the information services fee fund.

(B) No surety on a discount card company bond shall cancel such bond without giving written notice thereof to the secretary of state and discount card company. Unless such discount card company files another \$50,000 surety bond with the secretary of state on or before the cancellation date of such discount card company's surety bond, then such discount card company will no longer be authorized to do business in this state as a discount card company.

(C) The bond shall be in favor of any person and the attorney general for the benefit of any person who is damaged by any violation of this act, including any violation by the supplier or by any other person which markets, promotes, advertises or otherwise distributes a discount card on behalf of the supplier. The bond shall cover any violation occurring during the time period during which the bond is in effect.

(D) Any person claiming against the bond for a violation of this act may maintain an action at law against the discount card company.

(c) The month in which the supplier files its first annual notice with the secretary of state is the month in which its filings are due annually thereafter.

History: L. 2000, ch. 170, § 2; L. 2002, ch. 182, § 2; L. 2010, ch. 30, § 1; July 1.