



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

RULING LETTER NO. N-C-8-71-95

October 13, 1995

TO ALL DISABILITY INSURERS AND ALL HEALTH SERVICES
ORGANIZATIONS AUTHORIZED TO DO BUSINESS BY THE COMMISSIONER OF
INSURANCE OF PUERTO RICO

Re: Use of unauthorized ambulance companies

Dear Sirs:

The Hon. Carmen Feliciano de Melecio, M.D., the Secretary of Health of Puerto Rico, has brought to our attention the practice of some insurers and Health Services organizations or paying for or providing benefits for services provided by ambulance companies that do not have the required authorizations and certifications to operate patient transportation services.

In this regard, we are advising you that Public Law No. 225, enacted on July 23, of 1974, as amended, among other things requires that any person who operates or proposes to establish and operate in the future any ambulance service must apply for the respective authorization for such purpose from the Public Service Commission of Puerto Rico, which authorization must have the endorsement of the Department of Health

Likewise, the referenced law established the penalty to be imposed on any person who establishes, works, administers or operates such services without having obtained the authorization to do so, or who violates any provision of the law or its regulations or orders issued under such, and it is further provided that such persons will incur a misdemeanor offense.

The authorizations conferred under Public Law No. 225, *supra*, by legislative fiat are also subject to the provisions of the Public Service Act, Public Law No. 109, enacted on June 28, 1962, as amended, which provides in its Section 14(c), the following, among others:

"(c) The powers and faculties provided in subsections (a) and (b) of this section shall be enforceable not only with regard to public service companies, contract carriers, private vehicle companies engaged in commerce, persons engaged in tourist transport, as defined in this part, and entities acting as public service companies or contract carriers, but also with respect to:

(1)...

(2) Every person or entity whose actions affect or may affect the rendering of any public service.

(3) ...

(4) Every person or entity whose actions or omissions may be damaging to the activities, resources or interests with regard to which the Commission has powers of regulation, supervision or surveillance."

From this legal provision set forth above it may be deemed that not only does the regulated *class* fall under the jurisdiction of the Public Service Commission, but also the users of the services provided by such, and the latter are also subject to the imposition of sanctions for any violation of law they may have committed.

Thus, any commercial activity carried out between a natural or legal person and a company that provides ambulance services without the appropriate authorization, constitutes a violation of the Public Service Act, and is therefore contrary to morality, order and the public interest.

The Puerto Rico Insurance Code expressly vests on the Commissioner of Insurance the faculty of exercising, in a broad manner, its powers and prerogatives, whether they be ministerial or discretionary. Inasmuch as the practice of some insurers and health services organizations of paying for or providing benefits for services provided by ambulance companies who do not have the appropriate authorizations and certifications to operate a patient transportation service, could be contributing to the violation of Public Service Act and jeopardizes the health and safety of any person who uses this service, we are of the opinion that any corrective action on our part with regard to this situation would be of benefit to the public interest.

In this regard, we advise you that Section 11.120 (7) of the Puerto Rico Insurance Code, 26 L.P.R.A. sec. 1112 (7), provides the following:

"The Commissioner will not approve any policy, application, rider or endorsement form, or will withdraw approval of such only:

(1)....

(7) If it pertains to disability insurance and the benefits provided in such are unreasonable with regard to the premium that is being charged." (Our emphasis)

This Office considers that it is unreasonable and contrary to law to charge a premium for the availability and use of services which although they require prior authorization and certification by the government in order to operate, do not in fact have such. Obviously, such acts constitute sufficient cause not to approve the policy forms under which such practices are allowed.

In view of the above, this Office will not approve any policy, rider or endorsement of any kind that provides benefits for services provided by ambulance companies that are not authorized for such purposes by the Puerto Rico Public Service Commission. To this effect you are required to refrain from making payments for ambulance services provided by companies that do not have the appropriate authorizations and certifications to operate a patient transportation service.

Strict compliance is hereby required for all of the guidance set forth above.

Very truly yours,

SIGNED

Juan Antonio García
Commissioner of Insurance