

BILL ANALYSIS

Senate Research Center

H.B. 1267
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State Affairs
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Engrossed

DIGEST AND PURPOSE

In the early 1990s, two health benefit plans were developed for sale to small employers: catastrophic care and basic coverage benefit plans. Certain state and federal requirements and restrictions exist on the sale of these plans. Some small employee carriers face difficulty incorporating state and federal requirements into the plans they have developed and marketed, and claim that the requirements produce administrative inefficiencies and reduce availability of plans. H.B. 1267 requires small employee carriers to offer a catastrophic care and basic coverage benefit plan filed with and approved by the commissioner of insurance.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 26.42(a), Insurance Code, to require a small employer carrier to offer the following two health benefit plans filed with and approved by, rather than as adopted by, the commissioner of insurance: a, rather than the, catastrophic care benefit plan; and a, rather than the, basic coverage benefit plan.

SECTION 2. Amends Article 26.43(a), Insurance Code, to require a small employer carrier to comply with Article 3.42 of this code as it relates to policy form approval and with Chapter 843 of this code, rather than the Texas Health Maintenance Organization Act (Article 20A.01 et seq., Vernon's Texas Insurance Code), as it relates to approval of an evidence of coverage. Deletes a requirement that the commissioner promulgate the benefits section of the catastrophic care benefit plan and the basic coverage benefit plan policy forms in accordance with Article 26.44A of this code and develop prototype policies for each of the benefit plans. Deletes a prohibition against a small employer carrier offering these benefit plans through a policy form or evidence of coverage that does not comply with this chapter.

SECTION 3. Amends Article 26.44A, Insurance Code, by amending Subsections (a), (b), and (c) and adding Subsections (e), (f), and (g), as follows:

- (a) Requires the commissioner to review for approval, rather than by rule to establish the coverage requirements for, catastrophic care benefit plans and basic coverage benefit plans developed by a small employer carrier under Article 26.42 of this code. Deletes a requirement that the commissioner develop prototype policies for use by small employer carriers that include all contractual provisions required to produce an entire contract in accordance with this article and this code.
- (b) Requires coverage under a catastrophic care benefit plan to be designed to provide necessary coverage in the event of catastrophic illness or injury. Deletes a requirement that the commissioner establish deductibles and coinsurance requirements at levels that permit options

for the insured to obtain affordable catastrophic coverage.

(c) Requires coverage under a basic coverage benefit plan to be designed to provide basic hospital, medical, and surgical coverages. Deletes a requirement that the commissioner by rule establish coverage requirements for the basic coverage benefit plan.

(e) Authorizes a basic coverage benefit plan or catastrophic care benefit plan to exclude any state-mandated health benefit.

(f) Defines “state-mandated health benefit.”

(g) Sets forth a benefit or standard provision or right required under federal law, this code, or other laws of this state, not included in “state-mandated health benefit.”

SECTION 4. Amends Article 26.48(a), Insurance Code, to authorize a health maintenance organization to offer certain health benefit plans.

SECTION 5. Amends Article 26.72, Insurance Code, by amending Subsection (c) and adding Subsection (e), as follows:

(c) Provides that Subsection (b) of this article does not apply to an arrangement that provides compensation to an agent on the basis of percentage of premium, provided that certain conditions apply.

(e) Prohibits a small employer carrier from using an agent compensation schedule that provides compensation in a specific dollar amount for each individual covered during a specified period or for each group of individuals covered during a specified period.

SECTION 6. Amends Section 843.002(2), Insurance Code, to redefine “basic health care services.”

SECTION 7. (a) Effective date: September 1, 2003,

Makes application of this Act prospective to January 1, 2004.

(b) Makes application of this Act prospective to January 1, 2004.