

BILL ANALYSIS

C.S.H.B. 1267
By: Seaman
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In the early 1990's, two health benefit plans were developed for sale to small employers: the 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 these state and federal requirements into the plans they have developed and marketed. As a result, small employer carriers claim that the requirements produce administrative inefficiencies and reduce availability of plans. C.S.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

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1267 amends the Insurance Code to require a small employer carrier to offer a catastrophic care and a basic coverage benefit plan filed with and approved by the Commissioner of Insurance (Commissioner). The bill deletes provisions relating to the adoption of catastrophic care and basic coverage benefit plans by the Commissioner. The bill deletes the provision prohibiting a small employer carrier from offering catastrophic care and basic coverage benefit plans through a policy form or evidence of coverage that does not comply with Health Insurance Availability provisions. The bill authorizes a basic coverage or catastrophic care benefit plan to exclude any state-mandated health benefits, as defined.

The bill deletes certain federal standards from the provisions with which a health benefit plan offered by a health maintenance organization is to comply. The bill deletes certain federal minimum standards from the definition of basic health care services under health maintenance organization provisions.

EFFECTIVE DATE

September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 1267 modifies the original by requiring small employer carriers to file with and have approved by the Commissioner a basic coverage and catastrophic care benefit plan, rather than requiring the Commissioner to adopt these plans. The substitute adds that a basic coverage or catastrophic care benefit plan may exclude any state-mandated health benefit. The substitute deletes certain federal standards from the provisions with which a health benefit plan offered by a health maintenance organization is to comply. The substitute deletes certain federal minimum standards from the definition of basic health care services under health maintenance organization provisions.