

BILL ANALYSIS

C.S.H.B. 1268
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Center for Medicare and Medicaid Services (CMS) predicts that spending on prescription drugs will increase by an average of at least 12 percent every year for the next decade. Low-income seniors without prescription drug coverage are substantially less likely to take prescribed medications than low-income seniors with prescription drug coverage. Currently, seniors can choose from among 10 different Medicare Supplemental Policies: Plans A through J. Some plans offer a prescription drug benefit in conjunction with a full array of other services, which may be unnecessary and result in increased costs. Plan C is the most popular but does not have a prescription drug benefit. C.S.H.B. 1268 authorizes insurers who issue Medicare supplemental policies to offer certain outpatient prescription drug benefit plans.

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. 1268 amends the Insurance Code to authorize an insurer or other entity that issues a Medicare supplement policy in this state to offer a group or individual policyholder an outpatient prescription drug benefit plan authorized under 42 U.S.C. Section 1395ss or a new or innovative outpatient prescription drug benefit plan filed with and approved by the Commissioner of Insurance (Commissioner).

The bill requires the Commissioner to approve or disapprove a filed outpatient drug benefit plan not later than the 60th day after the filing date. A plan that has not been approved or disapproved before the 61st day after the filing date is deemed approved. The bill authorizes an insurer or other entity to offer participation in a prescription drug discount program, as defined, in connection with the solicitation of an application for issuance of a Medicare supplement policy. The bill provides that an offer of participation in a prescription drug discount program is not a violation of unfair practices and unfair competition provisions or any other law prohibiting the offer of rebates in the solicitation of insurance policies.

EFFECTIVE DATE

September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 1268 modifies the original by removing a basic or extended outpatient prescription drug benefit plan prescribed by the Commissioner from the plans that an insurer is authorized to offer. The substitute authorizes an insurer or other entity to offer a prescription drug benefit plan, rather than providing that an insurer must offer a prescription drug benefit plan. The substitute adds the requirement for the Commissioner to approve or disapprove a filed prescription drug benefit plan. The substitute adds the provision authorizing an insurer or other entity to offer participation in a prescription drug discount program in connection with the solicitation of an application for issuance of a Medicare supplement policy. The

substitute adds that offering participation in a prescription drug discount program is not a violation of specified provisions of the Insurance Code or other law. The substitute removes the provision authorizing a policyholder to reject outpatient drug benefit coverage.