

BILL ANALYSIS

H.B. 3456
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Pensions & Investments
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The cost of providing health insurance to state employees and their dependents has significantly risen. This is because of the increased use of insurance among state employees as well as hospitals receiving higher reimbursement rates. In addition, employees are using prescription drugs at a higher rate and the cost of prescription drugs are rising. From FY 1998-2003, ERS estimates a 72% rise in health plan expenditures and a 79% increase in the state's portion. It also has a significant decrease in its reserve fund from 236 million in 1998 to 10.6 million in 2003. In order to ensure that benefits remain available to employees and to cut costs, the state can implement a 90 day waiting period before employees receive benefits as well as increase co-payments.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1: Amends Section 1551.105 of Insurance Code regarding the date coverage begins for employees. For employees, automatic coverage and all other coverage begin on the 90th day after the date the employee begins work.

SECTION 2: Amends Subchapter E, Chapter 1551, of Insurance Code as effective June 1, 2003 by adding Section 1551.218 which stipulates co-payments. There must be a co-payment of no less than 20 dollars for a visit to a primary care physician, 25 dollars for a visit to a non-primary care specialist operated in the same way as a health maintenance organization, and a 30 dollar co-payment for a visit to a non-primary care specialist operated in the same way as a preferred provider benefit plan.

SECTION 3: Effective date.

EFFECTIVE DATE

The Act takes effect September 1, 2003 and is applicable to health benefit plans under Chapter 1551, Insurance Code, beginning with the State Fiscal Year 2004-2005.