

BILL ANALYSIS

S.B. 467
By: Averitt
Insurance
Committee Report (Amended)

BACKGROUND AND PURPOSE

Currently, Texans who cannot obtain insurance through a private health insurance company can obtain insurance through the Texas Health Insurance Risk Pool. Health insurance companies which issue certain types of health insurance policies are required to contribute funds to support the pool, but many companies do not issue those types of policies. S.B. 467 expands the list of covered policies.

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

SECTION 1. Amends Section 2, Article 3.77, Insurance Code, by amending Subdivisions (7) and (10) to redefine "health insurance" and "insured."

SECTION 2. Amends Section 4(c), Article 3.77, Insurance Code, to eliminate individuals licensed as or employed by or affiliated with a physician, hospital, or other health care provider from the individuals who may be selected as members of the board of directors of the pool(board).

SECTION 3. Amends Section 6(b), Article 3.77, Insurance Code, to authorize the Texas Health Insurance Risk Pool (pool) to issue medicare supplemental health insurance for persons age 65 and older who are eligible for Medicare.

SECTION 4. Amends Section 7(g), Article 3.77, Insurance Code, to make a conforming change.

SECTION 5. Amends Section 9(d), Article 3.77, Insurance Code, to require the premium rates to be established to provide for the expected costs of claims. Deletes language referencing the rate requirements for initial pool rates.

SECTION 6. Amends Section 10(a), Article 3.77, Insurance Code, provide that an individual who is a resident, as defined by Section (2)(17)(B) of this article, and who continues to be a resident, is eligible for coverage from the pool if the individual on the date of application to the pool, is certified as eligible for trade adjustment assistance or for pension benefit guaranty corporation assistance, as provided by the Trade Adjustment Assistance Reform Act of 2002 (Pub. L. No. 107-210).

SECTION 7. Amends Sections 10(e) and (f), Article 3.77, Insurance Code, as follows:

(e) Includes an individual imprisoned in a federal prison as a person not eligible for coverage from the pool.

(f) Requires pool coverage to cease under certain conditions.

SECTION 8. Amends Section 10, Article 3.77, Insurance Code, by adding Subsection (i) to provide that notwithstanding Subsection (e) of this section, an individual who is certified as eligible for trade adjustment

assistance or for pension benefit guaranty corporation assistance, as provided by the Trade Adjustment Assistance Reform Act of 2002, and who has at least 3 months of prior health insurance coverage is not required to exhaust any available COBRA or state continuation benefits to be eligible for coverage from the pool.

SECTION 9. Amends Section 11(a), Article 3.77, Insurance Code, to require the pool to offer pool coverage consistent with major medical expense coverage to each eligible person who is under the age of 65, rather than not eligible for Medicare.

SECTION 10. Amends Section 12, Article 3.77, Insurance Code, by amending Subsection (d) to prohibit a preexisting condition provision from being applied to an individual who has been certified as eligible for trade adjustment assistance or for pension benefit guaranty corporation assistance as provided by the Trade Adjustment Assistance Reform Act of 2002 (Pub. L. No. 107.210), and who was continuously covered by health insurance for a period of three months before the individual's separation from employment, if the individual applies for coverage from the pool not later than the 63rd day after the date on which the prior coverage was terminated.

SECTION 11. Amends Section 13, Article 3.77, Insurance Code, by amending Subsections (c) and (d) and by adding Subsections (d-1) and (d-2), as follows: (c) Requires each insurer to report to the board the information requested by the board, as of December 31 of the previous year. Requires each insurer's assessment to be determined annually by the board based on annual statements, the insurer's annual report to the board, and any other reports required by and filed with the board.

(d) Makes conforming changes related to (d-2).(d-1) Creates this subsection from existing text in Subsection (d).(d-2) Provides that for purposes of the assessment under this section, a health benefit plan does not include certain items.

SECTION 12. Amends Section 15(a), Article 3.77, Insurance Code, to authorize, rather than require, the state auditor to conduct an annual special audit of the pool under Chapter 321, Government Code. Makes conforming changes.

SECTION 13. (a) Makes application of this Act prospective as it applies to a premium rate charged by the Texas Health Insurance Risk Pool.

(b) Provides that Section 13, Article 3.77, Insurance Code, as amended by this Act, applies only to an assessment for a net loss for a fiscal year beginning on or after January 1, 2004.

SECTION 14. Makes application of this Act prospective.

SECTION 15. Effective date: upon passage or September 1, 2003.

EFFECTIVE DATE

On passage or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

EXPLANATION OF COMMITTEE AMENDMENTS

Committee Amendment No. 1 requires the Texas Department of Insurance (department) to study how to expand eligibility in the pool to a person who does not receive health insurance through the person's employer and is unable to obtain coverage on the open market. The amendment provides that the study must consider ways to accomplish the expansion of eligibility while minimizing cost shifting from employers to the pool. The amendment requires the department to report the results of the study not later than January 15, 2005. Provisions relating to the study expire July 1, 2005.