BILL ANALYSIS

Senate Research Center

S.B. 541
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DIGEST AND PURPOSE

Under current Texas law, health insurance carriers are required to include many benefits in their accident and sickness policies. As proposed, S.B. 541 allows insurers and health maintenance organizations to offer policies that, in whole or in part, do not provide state-mandated health benefits, and requires that documents related to such policies notify the insured or enrollee that the coverage is limited in that way.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 7, Article 3.80, Insurance Code) and SECTION 2 (Section 9N(j), Chapter 20A, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 3G, Insurance Code, by adding Article 3.80, as follows:

Art. 3.80. TEXAS CONSUMER CHOICE OF BENEFITS HEALTH INSURANCE PLAN ACT

Sec. 1. PURPOSE. Expresses the legislature's recognition of the need for individuals and employees to have the opportunity to choose health insurance plans that are more affordable and flexible than standard market policies for accident and sickness insurance coverage. Expresses the legislature's intent to increase the availability of health insurance coverage by allowing certain insurers to issue accident and sickness policies that do not provide state-mandated health benefits.

Sec. 2. DEFINITION. Defines "nonstandard health benefits plan."

Sec. 3. STATE-MANDATED HEALTH BENEFITS. (a) Defines "state-mandated health benefits."

(b) Provides exemptions to the definition of "state-mandated health benefits" for the purposes of this article.

Sec. 4. LIMITED HEALTH BENEFIT PLANS AUTHORIZED. Authorizes an insurer authorized to engage in the business of insurance in this state to offer one or more nonstandard health benefit plans.

Sec. 5. NOTICE TO POLICYHOLDER. Requires a nonstandard health plan benefits policy, application, or contract to contain, in bold type at the beginning of the document, certain language declaring that the plan does not provide state-mandated health benefits. Specifies the text to be used in the declaration.

Sec. 6. DISCLOSURE STATEMENT. (a) Requires an insurer providing a nonstandard health benefits plan to provide a policyholder or proposed policyholder with a written disclosure statement that indicates that the plan does not provide state-mandated health benefits and specifies which state-mandated benefits are not included.

(b) Requires each applicant for initial coverage and each renewing policyholder to sign the disclosure statement required by Subsection (a) and return it to the insurer.

(c) Requires an insurer to retain the signed disclosure statement and provide the disclosure statement to the Texas Department of Insurance (TDI) upon request from the commissioner of insurance (commissioner).

Sec. 7. RULES. Authorizes the commissioner to adopt rules as necessary to implement this article.

Sec. 8. ADDITIONAL POLICIES. Requires an insurer that offers a nonstandard health benefit plan under this article to offer at least one accident or sickness insurance policy with state-mandated health benefits that is otherwise authorized by this code.

Sec. 9. RATES. Authorizes the commissioner to determine and prescribe appropriate rates to be charged for a nonstandard health benefits plan offered under this article.

SECTION 2. Amends Chapter 20A, Insurance Code, by adding Section 9N, as follows:

Sec. 9N. CHOICE OF BENEFITS PLAN. (a) Expresses the legislature's recognition of the need for individuals and employees to have the opportunity to choose health maintenance organization plans that are more affordable and flexible than standard market health care plans offered by health maintenance organizations. Expresses the legislature's intent to increase the availability of health care plans by allowing certain health maintenance organizations to issue evidences of coverage that do not provide offer of coverage mandates.

(b) Defines "limited offer of coverage plan."

(c) Defines "offer of coverage mandate" for purposes of this section.

(d) Provides exceptions to the definition of "offer of coverage mandate" for the purposes of this section.

(e) Authorizes a health maintenance organization authorized to issue an evidence of coverage in this state to offer one or more limited offer of coverage plans.

(f) Requires each limited offer of coverage plan, written application, or contract to contain, in bold type at the beginning of the document, certain language declaring that the plan does not provide offer of coverage mandates normally required in evidences of coverage in Texas. Specifies the language to be used in the declaration.

(g) Requires a health maintenance organization providing a limited offer of coverage plan to provide an enrollee or proposed enrollee with a written disclosure statement that indicates that the offer of coverage does not offer of coverage mandates and specifies which offer of coverage mandates are not included.

(h) Requires each applicant for initial enrollment and each renewing enrollee to sign the disclosure statement required by Subsection (g) and return it to the health maintenance organization.

(i) Requires a health maintenance organization to retain the signed disclosure statement and provide the disclosure statement to TDI upon request from the commissioner.

(j) Authorizes the commissioner to adopt rules as necessary to implement this section.

(k) Requires a health maintenance organization that offers a limited offer of coverage plan under this article to offer at least one evidence of coverage that provides offer of coverage mandates and that is otherwise authorized by the Insurance Code.

(l) Authorizes the commissioner to determine and prescribe appropriate rates to be charged for a limited offer of coverage plan offered under this section.

SECTION 3. Amends Article 26.42(a), Insurance Code, to require a small employer carrier to offer two certain health benefit plans as filed with and approved by the commissioner, rather than as adopted by the commissioner. Makes nonsubstantive changes.

SECTION 4. Amends Article 26.43(a), Insurance Code, by removing language requiring the commissioner to develop and approve of certain policies and policy forms, requiring instead that a small employer carrier comply with Articles 3.42 and Article 20A.01, Insurance Code regarding policy form approval and approval of an evidence of coverage, respectively. Makes a conforming change.

SECTION 5. Amends Articles 26.44A(a), (b), and (c), as follows:

(a) Requires the commissioner to review and approve catastrophic and basic plans developed by a small employer carrier, rather than establishing by rule the coverage requirements and creating prototype policies for such plans.

(b) Requires coverage under the catastrophic care benefit plan to be designed to provide necessary coverage at an affordable price as determined by the commissioner, rather than requiring the commissioner to establish deductibles and coinsurance requirements at levels that permit options for the insured to obtain affordable catastrophic coverage.

(c) Requires coverage under the basic coverage benefit plan to be designed to provide certain basic coverages at an affordable price as determined by the commissioner, rather than requiring the commissioner to establish, by rule, coverage requirements for the basic coverage benefit plan.

SECTION 6. Amends Article 26.48(a), Insurance Code, by adding Subdivision (4) to authorize a health maintenance organization to offer a limited offer of coverage plan under Article 20A.09N, Insurance Code. Makes a conforming change.

SECTION 7. Amends Section 843.0027(2), Insurance Code, to redefine “basic health care services” by removing a minimum requirement.

SECTION 8. Effective date: September 1, 2003. Provides that this Act applies only to an insurance policy, contract, or evidence of coverage issued for delivery, or renewed, on or after January 1, 2004.