

By: Burnam

H.B. No. 126

A BILL TO BE ENTITLED

AN ACT

relating to parity in certain disability insurance benefits.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter E, Chapter 21, Insurance Code, is amended by adding Article 21.530 to read as follows:

Art. 21.530. PARITY IN CERTAIN DISABILITY INSURANCE BENEFITS

Sec. 1. APPLICATION. This article applies to disability benefits provided under:

(1) a policy of group accident and health insurance, as defined by Section 1, Article 3.51-6, of this code;

(2) a policy of blanket accident and health insurance, as defined by Section 2, Article 3.51-6, of this code;

(3) an individual policy of accident and sickness insurance as defined by Section 1(B)(3), Chapter 397, Acts of the 54th Legislature, Regular Session, 1955 (Article 3.70-1, Vernon's Texas Insurance Code); or

(4) an evidence of coverage as defined by Section 843.002.

Sec. 2. PARITY IN COVERAGE REQUIRED. (a) An insurance policy or evidence of coverage that provides disability benefits subject to this article may not be delivered, issued for delivery, or renewed in this state if the terms of the policy or evidence of coverage exclude or reduce the payment of benefits to or on behalf

1 of an insured or enrollee because of a mental illness, disease, or  
2 disorder, unless that exclusion or limitation is equally applicable  
3 to all other physically disabling conditions. Each policy or  
4 evidence of coverage subject to this article must provide parity in  
5 benefits for mental and physical disabilities.

6 (b) A provision in an insurance policy or evidence of  
7 coverage that violates this section is void.

8 Sec. 3. VIOLATION; PENALTY. (a) A violation of this article  
9 is an unfair and deceptive act or practice in the business of  
10 insurance for purposes of Article 21.21 of this code and is subject  
11 to the sanctions and penalties imposed under that article.

12 (b) Approval by the commissioner of the form of the policy  
13 or evidence of coverage or other form used by the issuer under any  
14 law of this state, including Article 3.42 of this code or Section 9,  
15 Texas Health Maintenance Organization Act (Article 20A.09,  
16 Vernon's Texas Insurance Code), is not a defense to an action  
17 brought under Article 21.21 of this code with respect to a violation  
18 of this article.

19 SECTION 2. Article 21.530, Insurance Code, as added by this  
20 Act, applies only to an insurance policy or evidence of coverage  
21 delivered, issued for delivery, or renewed on or after January 1,  
22 2004. A policy or evidence of coverage delivered, issued for  
23 delivery, or renewed before January 1, 2004, is governed by the law  
24 as it existed immediately before the effective date of this Act, and  
25 that law is continued in effect for that purpose.

26 SECTION 3. This Act takes effect September 1, 2003.