

By: Seaman, Christian

H.B. No. 1267

A BILL TO BE ENTITLED

AN ACT

relating to small employer health benefit plans.

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

SECTION 1. Article 26.42(a), Insurance Code, is amended to read as follows:

(a) A small employer carrier shall offer the following two health benefit plans filed with and approved ~~[as adopted]~~ by the commissioner:

(1) a ~~[the]~~ catastrophic care benefit plan; and

(2) a ~~[the]~~ basic coverage benefit plan.

SECTION 2. Article 26.43(a), Insurance Code, is amended to read as follows:

(a) A ~~[The commissioner shall promulgate the benefits section of the catastrophic care benefit plan and the basic coverage benefit plan policy forms in accordance with Article 26.44A of this code and shall develop prototype policies for each of the benefit plans. For all other portions of these policy forms, a]~~ small employer carrier shall comply with Article 3.42 of this code as it relates to policy form approval and with Chapter 843 of this code ~~[the Texas Health Maintenance Organization Act (Article 20A.01 et seq., Vernon's Texas Insurance Code)]~~ as it relates to approval of an evidence of coverage. ~~[A small employer carrier may not offer these benefit plans through a policy form or evidence of coverage that does not comply with this chapter.]~~

1 SECTION 3. Article 26.44A, Insurance Code, is amended by
2 amending Subsections (a), (b), and (c) and adding Subsections (e),
3 (f), and (g) to read as follows:

4 (a) The commissioner shall review for approval [~~by rule~~
5 ~~shall establish the coverage requirements for the~~] catastrophic
6 care benefit plans [~~plan~~] and [~~the~~] basic coverage benefit plans
7 developed by a small employer carrier under Article 26.42 of this
8 code [~~plan. The commissioner shall develop prototype policies for~~
9 ~~use by small employer carriers that include all contractual~~
10 ~~provisions required to produce an entire contract in accordance~~
11 ~~with this article and this code].~~

12 (b) Coverage under a [~~the~~] catastrophic care benefit plan
13 must be designed to provide necessary coverage in the event of
14 catastrophic illness or injury. [~~The commissioner shall establish~~
15 ~~deductibles and coinsurance requirements at levels that permit~~
16 ~~options for the insured to obtain affordable catastrophic~~
17 ~~coverage.~~]

18 (c) [~~The commissioner by rule shall establish coverage~~
19 ~~requirements for the basic coverage benefit plan.~~] Coverage under
20 a [~~the~~] basic coverage benefit plan must be designed to provide
21 basic hospital, medical, and surgical coverages. Benefits under
22 the plan are limited to basic care requirements for illness and
23 injury.

24 (e) A basic coverage benefit plan or catastrophic care
25 benefit plan may exclude any state-mandated health benefit.

26 (f) For purposes of this article, "state-mandated health
27 benefit" means coverage required under this code or other laws of

1 this state to be provided in a group policy for accident and health
2 insurance or a contract for a health-related condition that:

3 (1) includes coverage for specific health care
4 services or benefits;

5 (2) places limitations or restrictions on
6 deductibles, coinsurance, copayments, or any annual or lifetime
7 maximum benefit amounts; or

8 (3) includes a specific category of licensed health
9 care practitioner from whom an insured is entitled to receive care.

10 (g) For purposes of this article, "state-mandated health
11 benefit" does not include a benefit or standard provision or right
12 required under federal law, this code, or other laws of this state
13 to be provided in a group policy for accident and health insurance
14 or a contract for a health-related condition that is unrelated to a
15 specific health illness, injury, or condition of an insured,
16 including a provision related to:

17 (1) continuation of coverage under:

18 (A) Section 1(d)(3) and Section 3B, Article
19 3.51-6, of this code;

20 (B) Section 2(C), Chapter 397, Acts of the 54th
21 Legislature, Regular Session, 1955 (Article 3.70-2, Vernon's Texas
22 Insurance Code);

23 (C) Article 3.51-8 of this code; and

24 (D) Section 9(k), Texas Health Maintenance
25 Organization Act (Article 20A.09, Vernon's Texas Insurance Code),
26 as added by Chapter 837, Acts of the 75th Legislature, Regular
27 Session, 1997;

1 (2) termination of coverage under Articles 26.23 and
2 26.86 of this code;

3 (3) preexisting conditions under Articles 26.49 and
4 26.90 of this code;

5 (4) coverage of children, including newborn or adopted
6 children, under:

7 (A) Sections 1, 3D, and 3E, Article 3.51-6, of
8 this code;

9 (B) Section 2(A), Chapter 397, Acts of the 54th
10 Legislature, Regular Session, 1955 (Article 3.70-2, Vernon's Texas
11 Insurance Code), as amended by Chapters 396 and 1027, Acts of the
12 77th Legislature, Regular Session, 2001;

13 (C) Sections 2(E), (K), and (M), Chapter 397,
14 Acts of the 54th Legislature, Regular Session, 1955 (Article
15 3.70-2, Vernon's Texas Insurance Code);

16 (D) Subchapter J, Chapter 3, of this code;

17 (E) Article 21.24-2 of this code;

18 (F) Article 26.21(n) of this code;

19 (G) Article 26.21A of this code; and

20 (H) Article 26.84 of this code; and

21 (5) coverage of grandchildren under the benefit
22 provisions of the health maintenance organization laws of this
23 state.

24 SECTION 4. Article 26.48(a), Insurance Code, is amended to
25 read as follows:

26 (a) A health maintenance organization may offer:

27 (1) a state-approved health benefit plan that complies

1 with this chapter, Chapter 843 of this code [~~the Texas Health~~
2 ~~Maintenance Organization Act (Chapter 20A, Vernon's Texas~~
3 ~~Insurance Code), Title XIII, Public Health Service Act (42 U.S.C.~~
4 ~~Section 300e et seq.)~~, and its subsequent amendments], and rules
5 adopted under these laws;

6 (2) a plan developed by a health maintenance
7 organization [~~the commissioner~~] under Article 26.44A of this code
8 and additional benefit riders to the plan; or

9 (3) a point-of-service contract in connection with an
10 insurance carrier that includes optional coverage for out-of-area
11 services, emergency care, or out-of-network care.

12 SECTION 5. Article 26.72, Insurance Code, is amended by
13 amending Subsection (c) and adding Subsection (e) to read as
14 follows:

15 (c) Subsection (b) of this article does not apply to an
16 arrangement that provides compensation to an agent on the basis of
17 percentage of premium, provided that:

18 (1) the percentage may not vary because of health
19 status or claim experience; and

20 (2) the small employer carrier does not:

21 (A) exclude any additional premium charged to the
22 small employer because of health status or claims experience from
23 the premium amount to which the percentage is applied; or

24 (B) apply a smaller percentage to any additional
25 premium charged to the small employer because of health status or
26 claims experience than is applied to other premiums charged to the
27 small employer.

1 (e) A small employer carrier may not use an agent
2 compensation schedule that provides compensation in a specific
3 dollar amount for each individual covered during a specified period
4 or for each group of individuals covered during a specified period.

5 SECTION 6. Section 843.002(2), Insurance Code, is amended
6 to read as follows:

7 (2) "Basic health care services" means health care
8 services that the commissioner determines an enrolled population
9 might reasonably need to be maintained in good health[~~, including,~~
10 ~~at a minimum, services designated as basic health services under~~
11 ~~Section 1302, Title XIII, Public Health Service Act (42 U.S.C.~~
12 ~~Section 300e-1(1))].~~

13 SECTION 7. (a) This Act takes effect September 1, 2003,
14 and applies only to an insurance policy or evidence of coverage that
15 is delivered, issued for delivery, or renewed on or after January 1,
16 2004. An insurance policy or evidence of coverage that is
17 delivered, issued for delivery, or renewed before January 1, 2004,
18 is governed by the law as it existed immediately before the
19 effective date of this Act, and the former law is continued in
20 effect for that purpose.

21 (b) Article 26.72, Insurance Code, as amended by this Act,
22 applies only to a small employer health benefit plan that is
23 delivered, renewed, or issued for delivery on or after January 1,
24 2004. A health benefit plan delivered, issued for delivery, or
25 renewed before January 1, 2004, is governed by the law as it existed
26 immediately before the effective date of this Act, and that law is
27 continued in effect for that purpose.