

By: Smithee

H.B. No. 2258

A BILL TO BE ENTITLED

AN ACT

relating to certain large employer health benefit plans.

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

SECTION 1. Subchapter H, Chapter 26, Insurance Code, is amended by adding Articles 26.82A, 26.82B, 26.82C, and 26.82D to read as follows:

Art. 26.82A. LARGE EMPLOYER HEALTH BENEFIT PLANS. (a) A large employer carrier may offer the following two large employer health benefit plans as adopted by the commissioner:

(1) the large employer catastrophic care benefit plan;

and

(2) the large employer basic coverage benefit plan.

(b) A large employer carrier may offer to a large employer additional benefit riders to either of the benefit plans.

(c) Subject to the provisions of this chapter, a large employer carrier may also offer to large employers any other health benefit plan authorized under this code. Article 26.82B of this code does not apply to a health benefit plan offered to a large employer under this subsection.

Art. 26.82B. APPLICABILITY OF CERTAIN LAW; MANDATED SERVICE OR BENEFIT. Except as expressly provided in this chapter or by rules or policy forms adopted by the commissioner, the large employer catastrophic care benefit plan and the large employer basic coverage benefit plan described by Article 26.82D of this

1 code are not subject to a law that requires coverage or the offer of
2 coverage of a health care service or benefit.

3 Art. 26.82C. POLICY FORMS. (a) The commissioner shall
4 promulgate the benefits section of the large employer catastrophic
5 care benefit plan and the large employer basic coverage benefit
6 plan policy forms in accordance with Article 26.82D of this code and
7 shall develop prototype policies for each of the benefit plans. For
8 all other portions of these policy forms, a large employer carrier
9 shall comply with Article 3.42 of this code as it relates to policy
10 form approval and with the Texas Health Maintenance Organization
11 Act (Article 20A.01 et seq., Vernon's Texas Insurance Code) as it
12 relates to approval of an evidence of coverage. A large employer
13 carrier may not offer these benefit plans through a policy form or
14 evidence of coverage that does not comply with this chapter and
15 other applicable law.

16 (b) A health carrier may not issue and the commissioner may
17 not approve a certificate or policy for the large employer
18 catastrophic care benefit plan and the large employer basic
19 coverage benefit plan, or a rider to a certificate or policy for
20 these plans, unless it is written in plain language.

21 (c) Each provision of the large employer catastrophic care
22 benefit plan and the large employer basic coverage benefit plan
23 certificate or policy, or a rider to a certificate or policy for
24 these plans, relating to renewal of coverage, conditions of
25 coverage, or per occurrence or aggregate dollar limitations on
26 coverage must be clearly explained in plain language.

27 (d) A health carrier may not use and the commissioner may

1 not approve an application form for the large employer catastrophic
2 care benefit plan and the large employer basic coverage benefit
3 plan unless it is in plain language.

4 (e) Subsections (b)-(d) of this article do not apply if the
5 specific language to be used is mandated by federal law or state
6 statute or by rules implementing federal law.

7 (f) For purposes of Subsections (b)-(e) of this article, a
8 health benefit plan certificate or policy, a rider to or a provision
9 of a health benefit plan certificate or policy, or a health benefit
10 plan application form is written in plain language if it achieves
11 the minimum score established by the commissioner on the Flesch
12 reading ease test or an equivalent test selected by the
13 commissioner.

14 (g) The provisions of Subsections (b)-(f) of this article
15 requiring the use of plain language do not apply to a health benefit
16 plan group master policy or to a policy application or enrollment
17 form for a health benefit plan group master policy.

18 Art. 26.82D. LARGE EMPLOYER CATASTROPHIC CARE AND BASIC
19 COVERAGE BENEFIT PLANS. (a) The commissioner by rule shall
20 establish the coverage requirements for the large employer
21 catastrophic care benefit plan and the large employer basic
22 coverage benefit plan. The commissioner shall develop prototype
23 policies for use by large employer carriers that include all
24 contractual provisions required to produce an entire contract in
25 accordance with this article and this code.

26 (b) Coverage under the large employer catastrophic care
27 benefit plan must be designed to provide necessary coverage in the

1 event of catastrophic illness or injury. The commissioner shall
2 establish deductibles and coinsurance requirements at levels that
3 permit options for the insured to obtain affordable catastrophic
4 coverage.

5 (c) The commissioner by rule shall establish coverage
6 requirements for the large employer basic coverage benefit plan.
7 Coverage under the basic coverage benefit plan must be designed to
8 provide basic hospital, medical, and surgical coverages. Benefits
9 under the plan are limited to basic care requirements for illness
10 and injury.

11 (d) The benefits provisions of the benefit plan policies
12 must include the following:

13 (1) all required or applicable definitions;

14 (2) a list of any exclusions or limitations to
15 coverage;

16 (3) a description of covered services required under
17 the plan; and

18 (4) the deductible and coinsurance options that are
19 required or permitted under the plan.

20 SECTION 2. Article 26.42(a), Insurance Code, is amended to
21 read as follows:

22 (a) A small employer carrier shall offer the following two
23 health benefit plans as adopted by the commissioner:

24 (1) the small employer catastrophic care benefit plan;
25 and

26 (2) the small employer basic coverage benefit plan.

27 SECTION 3. Article 26.43(a), Insurance Code, is amended to

1 read as follows:

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

14 SECTION 4. The heading to Article 26.44A, Insurance Code,
15 is amended to read as follows:

16 Art. 26.44A. SMALL EMPLOYER CATASTROPHIC CARE AND BASIC
17 COVERAGE BENEFIT PLANS.

18 SECTION 5. Articles 26.44A(a), (b), and (c), Insurance
19 Code, are amended to read as follows:

20 (a) The commissioner by rule shall establish the coverage
21 requirements for the small employer catastrophic care benefit plan
22 and the small employer basic coverage benefit plan. The
23 commissioner shall develop prototype policies for use by small
24 employer carriers that include all contractual provisions required
25 to produce an entire contract in accordance with this article and
26 this code.

27 (b) Coverage under the small employer catastrophic care

1 benefit plan must be designed to provide necessary coverage in the
2 event of catastrophic illness or injury. The commissioner shall
3 establish deductibles and coinsurance requirements at levels that
4 permit options for the insured to obtain affordable catastrophic
5 coverage.

6 (c) The commissioner by rule shall establish coverage
7 requirements for the small employer basic coverage benefit plan.
8 Coverage under the basic coverage benefit plan must be designed to
9 provide basic hospital, medical, and surgical coverages. Benefits
10 under the plan are limited to basic care requirements for illness
11 and injury.

12 SECTION 6. Article 3.70-13, Insurance Code, is amended to
13 read as follows:

14 Art. 3.70-13. CERTAIN POLICIES CONTINUOUS. A guaranteed
15 renewable policy or a noncancellable policy shall be deemed to be a
16 continuous policy, subject only to the terms and conditions
17 thereof, including payment of policy premiums, and such policies
18 shall be considered to be continued in force by the payment of the
19 policy premium in accordance with the policy terms and conditions,
20 and such policies shall not be deemed or treated as renewed policies
21 by the payment of such contracted policy premiums. This article
22 does not apply to a small employer or large employer health benefit
23 plan adopted in accordance with Article 26.44A or 26.82D [~~Chapter~~
24 ~~26~~] of this code [~~, as added by H.B. No. 2055, Acts of the 73rd~~
25 ~~Legislature, Regular Session, 1993~~].

26 SECTION 7. Not later than December 1, 2003, the
27 commissioner of insurance shall adopt rules and policy forms as

1 necessary to implement this Act. A health carrier may not offer a
2 large employer catastrophic care benefit plan or large employer
3 basic coverage benefit plan in accordance with the change in law
4 made by this Act before January 1, 2004.

5 SECTION 8. This Act takes effect September 1, 2003.