

BILL ANALYSIS

Senate Research Center
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H.B. 1030
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

An existing insurance regulation prevents employers and consumers from purchasing less expensive health plans with broader cost-sharing options. Specifically, the regulation prohibits health insurers from offering health benefit plans utilizing a preferred provider arrangement that has greater than a 30 percent difference between in-network and out-of-network benefits.

H.B. 1030 amends existing statute to clarify that health insurers may offer PPO plans with varying coinsurance levels and other cost-sharing provisions. The bill also states that the insured's coinsurance for services rendered by out-of-network providers may not exceed 50 percent of the total covered amount.

This bill is designed to provide more options for employers and individuals looking for affordable health insurance.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the commissioner of insurance is modified in SECTION 2 (Section 1301.007, Insurance Code).

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 1301, Insurance Code, as effective April 1, 2005, by adding Sections 1301.0045 and 1301.0046 , as follows:

Sec. 1301.0045. CONSTRUCTION OF CHAPTER. Prohibits this chapter, except as provided by Section 1301.0046, from being construed to limit the level of reimbursement or the level of coverage, including deductibles, copayments, coinsurance, or other cost-sharing provisions, that are applicable to preferred providers or nonpreferred providers.

Sec. 1301.0046. COINSURANCE REQUIREMENTS FOR SERVICES OF NONPREFERRED PROVIDERS. Prohibits the insured's coinsurance applicable to payment to nonpreferred providers from exceeding 50 percent of the total covered amount applicable to the medical or health care services.

SECTION 2. Amends Section 1301.007, Insurance Code, as effective April 1, 2005, to make modifications to the list of requirements for rules adopted under this section.

SECTION 3. Makes application of this Act prospective to January 1, 2006.

SECTION 4. This Act takes effect September 1, 2005.