

BILL ANALYSIS

C.S.H.B. 1030
By: Taylor
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 1997, the 75th Legislature enacted SB 383 by Cain, which authorized preferred provider organizations (PPOs) and established requirements for providers and continuity of care. PPOs are health insurance plans that offer more favorable coverage to insureds who use the services of “preferred providers,” physicians, hospitals, and other providers who contract with the plan.

Under current law, insurers offering preferred provider plans are required to ensure that both preferred provider benefits and a basic level of benefits are reasonably available to all insureds within a designated service area. C.S.H.B. 1030 would clarify that this provision of the law is not intended to prescribe the level of reimbursement or the insured cost-sharing amounts under such plans. This law would permit insurers to offer greater flexibility in preferred provider plan benefit options and ultimately increase access to more affordable coverage in this state.

The committee substitute replaces the original changes to the existing insurance code by creating a new section, thereby making the new language applicable to the entire chapter. The committee substitute provides that an insured's coinsurance payment to nonpreferred providers not exceed 50 percent of the total covered amount.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 1301, Insurance Code by adding Section 1301.0045 to clarify that this chapter of the law is not intended to prescribe either the level of reimbursement under a preferred provider plan or the insured cost-sharing amounts and by adding Section 1301.0046 to require that an insured's coinsurance payment to nonpreferred providers not exceed 50 percent of the total covered amount applicable to medical or health care services.

SECTION 2. Amends Section 1301.007 Insurance Code, by deleting reference to basic level benefits.

SECTION 3. Makes act applicable only to insurance policies, certificates, or contracts issued after January 1, 2006.

SECTION 4. Effective date: September 1, 2005.

EFFECTIVE DATE

September 1, 2005. The Act applies beginning with January 1, 2006.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute replaces the original changes to the existing insurance code by creating a new section, thereby making the new language applicable to the entire chapter.

C.S.H.B. 1030 79(R)

The substitute adds a new section to the insurance code to require that an insured's coinsurance payment to nonpreferred providers not exceed 50 percent of the total covered amount.