

BILL ANALYSIS

Senate Research Center

H.B. 1570
By: Taylor (Averitt)
State Affairs
5/18/2005
Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Texas has the highest percentage in the nation of citizens without health insurance. Many businesses and individuals can not afford health insurance because the cost is too high.

Currently, health maintenance organizations (HMOs) are not permitted to use cost-sharing measures, such as co-pays, deductibles, and limitations on costs, which have the effect of lowering premium costs. These restrictions have made it difficult for HMOs to compete with other insurance products.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the commissioner of insurance is rescinded in SECTION 1 (Section 1271.151, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1271.151, Insurance Code, as follows:

Sec. 1271.151. PROVISION OF BASIC HEALTH CARE SERVICES. (a) Creates this subsection from existing text. Requires a health maintenance organization (HMO) that offers a basic health care plan to provide or arrange for basic health care services to its enrollees as needed and authorizes an HMO to impose limitations as to time and cost. Deletes existing text relating to any limitation prescribed by rule of the commissioner of insurance.

(b) Authorizes an HMO to impose certain charges on enrollees.

(c) Authorizes the commissioner to adopt reasonable copayment, deductible, and coinsurance restrictions for health benefit plans offered by an HMO in amounts or percentages not to exceed similar restrictions adopted for preferred provider benefit plans.

SECTION 2. Amends Subchapter F, Chapter 1451, Insurance Code, by adding Section 1451.2525, as follows:

Sec. 1451.2525. APPLICABILITY TO STANDARD HEALTH BENEFIT PLANS.
Provides that this subchapter applies to certain standard health benefit plans.

SECTION 3. Amends Section 1501.108, Insurance Code, by adding Subsection (d), to authorize a small or large employer health benefit plan issuer to modify a particular small or large employer health benefit plan at the time of coverage renewal if the modification applies uniformly to all small or large employers whose employees are covered by that health benefit plan.

SECTION 4. Amends Section 1501.153(a), Insurance Code, to make nonsubstantive changes.

SECTION 5. Amends Sections 1501.155(a) and (b), Insurance Code, to make nonsubstantive changes.

SECTION 6. Amends Section 1501.255, Insurance Code, by adding Subsections (d), (e), and (f), as follows:

(d) Authorizes an HMO to impose certain charges on enrollees.

(e) Provides that certain health benefit plans offered by HMOs are not subject to any restrictions or limitations on cost sharing.

(f) Authorizes the commissioner to adopt reasonable copayment, deductible, and coinsurance restrictions for certain health benefit plans offered by HMOs in amounts or percentages not to exceed similar restrictions adopted for preferred provider benefit plans.

SECTION 7. Amends Sections 1501.605(a) and (d), Insurance Code, to make conforming changes.

SECTION 8. Makes application of the change in law made by Section 1451.2525, Insurance Code, as added by this Act, prospective to January 1, 2006.

SECTION 9. Makes application of the changes in law made by this Act in amending Chapter 1501, Insurance Code, prospective.

SECTION 10. Effective date: upon passage or September 1, 2005.