

BILL ANALYSIS

C.S.H.B. 1570

By: Taylor

Insurance

Committee Report (Substituted)

BACKGROUND AND PURPOSE

Texas leads the nation in the number of uninsured citizens – 24.6% of Texas lack coverage. CSHB 1570 expands on legislation passed last session, SB 541, that allows health insurance companies and health maintenance organizations to offer more affordable health care coverage to consumers and employers. Specifically, CSHB 1570 amends the Consumer Choice Act to allow insurance carriers to offer exclusive provider plans (closed network plans) to consumer and employers. The bill also amends the HMO Act to allow health maintenance organizations to offer less expensive products with greater deductibles and copayments.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Commissioner of the Texas Department of Insurance in SECTION 3 (Insurance Code section 1271.151) and SECTION 7 (Insurance Code section 1501.255) of this bill.

ANALYSIS

SECTION 1 of the bill amends article 3.80 to the Texas Insurance Code to allow health insurance companies to offer an exclusive provider benefit plan. An exclusive provider benefit plan is defined as a plan that arranges benefits to covered persons through a network of exclusive providers. Out of network benefits are available for emergency services and for approved referrals to out of network providers.

SECTION 2 of the bill provides that a health carrier offering a standard health benefit plan may offer an exclusive provider benefit plan. Provide that this plan is not subject to chapter 1301.003 and 1301.005(a), subchapter C, Chapter 1451, and sections 1451.053 and 1451.054 of the Texas Insurance Code. These sections relate to selection and payment for services from out of network providers and specific provider types.

SECTION 3 of the bill amends section 1271.151 of the Ins. Code. Allows a HMO to impose limitations on time and cost. Allows a HMO to impose copayment or coinsurance charges or charge a deductible. Allows the commissioner to adopt reasonable copayment, deductible or coinsurance restrictions.

SECTION 4: Provides that a small or large employer carrier may modify a small or large employer health benefit plan at the time of coverage renewal provided that the modification applies uniformly to all small or large employers covered.

SECTION 5: Provides that a small employer carrier may require an employer contribution in accordance with the carrier's usual and customary practices on each small employer plan offer in this state.

SECTION 6: Allows a small employer health benefit plan issuer to offer a plan to a small employer with participation of less than 75 percent if the issuer permits the same qualifying participation level for each of the small employer health benefit plans offered by the issuer in the state. Allows a small employer health benefit plan issuer to offer a small employer benefit plan even if the employer's participation level is less than the qualifying level for a small employer health benefit plan if the employer obtains a waiver from each eligible employee who declines

coverage and the issuer accepts or rejects the entire group of eligible employees who choose to participate and declines only those who have declined coverage.

SECTION 7 amends Section 1501.255 of the Texas Insurance Code to allow a health maintenance organization to impose copayments or coinsurance charges for any single service or in the aggregate for all basic health care service or charge enrollees a deductible or coinsurance requirement for basic, limited or single health care services. Provides that a health benefit plan issued under section (b)(1) is not subject to any restrictions or limitations on cost sharing. The Commissioner may adopt reasonable copayment, deductible and coinsurance requirements for health maintenance organizations in amounts not to exceed similar requirements for preferred provider plans.

SECTION 8 provides that a large employer health benefit plan issuer may require a large employer to meet a minimum contribution or participation requirement in accordance with the issuer's usual and customary practices for each of the large employer health benefit plans in this state. The requirement must be stated in the contract and applied uniformly to each of the issuer's large employer plans in the state.

SECTION 9 provides that the changes to 1501 of the Insurance Code apply to a health benefit plan delivered, issued for delivery or renewed after the effective date of the act.

SECTION 10 contains the effective date.

EFFECTIVE DATE

Upon passage, or if the act does not receive the necessary vote, the Act takes effect on September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 1570 revises SECTION 2 to provide that an exclusive provider organization plan is not subject to Sections 1301.003 and 1301.005(a) of the Insurance Code (as opposed to the entire chapter 1301.) CSHB 1570 adds new SECTIONS 3, 4, 5 and 6 regarding small and large employer plans under Chapter 26 of the Texas Insurance Code. CSHB 1570 rennumbers HB 1570 SECTIONS 3 through 6 accordingly.