

BILL ANALYSIS

Senate Research Center
79R3018 KCR-F

H.B. 1602
By: Eissler (Janek)
State Affairs
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The Medicare Prescription Drug Improvement and Modernization Act of 2003 included provisions authorizing "tax favored" health savings accounts (HSAs) for the payment of qualified medical expenses. Participants in an HSA must also be covered by a high deductible health plan, which meets certain minimum certain minimum annual deductible requirements. Currently, those minimum deductibles must be at least \$1,000 for self-only coverage and \$2,000 for family coverage.

HSAs may only be offered alongside a high deductible health plan in Texas until January 1, 2006, with no change in current law. In order to continue to offer HSAs in 2006, Texas must address current law that impedes the offering of HSAs by requiring first dollar coverage such as childhood immunizations from birth to age six, which are not subject to co-pays, coinsurance and deductibles; and hearing screening for newborns, which may be subject to co-pay and coinsurance, but not subject to deductibles. As engrossed, H.B. 1602 addresses this problem.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 1653.003, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle I, Title 8, Insurance Code, as effective April 1, 2005, by adding Chapter 1653, as follows:

CHAPTER 1653. HIGH DEDUCTIBLE HEALTH PLAN

Sec. 1653.001. DEFINITION. Defines "high deductible health plan."

Sec. 1653.002. APPLICABILITY OF OTHER LAW. (a) Provides that, subject to Subsection (b), a high deductible health plan is subject to any law mandating a minimum health insurance benefit or reimbursement.

(b) Prohibits a provision of this code, notwithstanding any other law, from being construed to prevent an insurer, health maintenance organization, or other entity issuing a health insurance policy or certificate of coverage from applying deductible or copayment requirements to benefits, including state-mandated health benefits, in order to qualify the health insurance policy or certificate of coverage as a high deductible health plan.

Sec. 1653.003. RULES. Requires the commissioner of insurance to adopt rules necessary to implement this chapter.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.