

BILL ANALYSIS

C.S.H.B. 2678
By: Smithee
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, insurance companies selling professional liability insurance for physicians or healthcare providers are not prohibited from considering whether or not, or to the extent which, the provider offers services to Medicaid or Children's Health Insurance Program (CHIP) recipients. An insurer may refuse coverage, refuse to renew coverage, or limit the type or amount of coverage available to a physician or healthcare provider based on the number of Medicaid or CHIP patients to whom the healthcare provider provides treatment.

CSHB 2678 prohibits an insurer selling healthcare professional liability insurance from considering whether or not, or to the extent which, a physician or healthcare provider provides services to Medicaid or CHIP recipients when making a decision regarding coverage.

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 1 of this bill (Article 5.15-1, sec. 12, Insurance Code).

ANALYSIS

SECTION 1: Amends Article 5.15-1, Insurance Code by adding Section 12. Prohibits an insurer licensed to write or engaged in writing professional liability insurance under this article from considering whether or not, or to the extent which, a provider provides services to recipients of Medicaid or CHIP. Prohibits any consideration of this information resulting in denial of coverage, refusal to renew coverage, cancellation of coverage, limitation of the amount or type of coverage, or rate or premium determination. Provides that the commissioner may adopt rules as necessary for implementation of this section.

SECTION 2: Prospective Application

SECTION 3: Effective Date

EFFECTIVE DATE

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

COMPARISON OF ORIGINAL TO SUBSTITUTE

The language in SECTION 2 of the substitute is not in the original. SECTION 2 of the substitute makes application of the Act prospective to January 1, 2006. SECTION 3 of the substitute changes the effective date in SECTION 2 of the original version. The effective date in the substitute is September 1, 2005.