BILL ANALYSIS

Senate Research Center
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S.B. 469
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Current Texas law restricts the ability of health maintenance organizations (HMOs) to use cost-sharing measures. The law does not provide for the use of exclusive provider insurance plans. Texas has the highest percentage of citizens without heath insurance in the country. Many businesses and individuals cannot afford health insurance because the cost is too high.

Currently, 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 against other insurance products.

As proposed, S.B. 469 authorizes insurance companies to offer exclusive provider insurance plans which offer only in-network benefits. An individual is allowed to access out-of-network benefits in an emergency or if the individual receives an approved referral.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2, Article 3.80, Insurance Code, by amending Subdivision (2) and adding Subdivision (3), to redefine "standard health benefit plan" and to define "exclusive provider benefit plan."

SECTION 2. Amends Section 4, Article 3.80, Insurance Code, by adding Subsection (c), to authorize a health carrier offering a standard health benefit plan to offer an exclusive provider benefit plan. Sets forth the sections of the Insurance Code that do not apply to an exclusive provider benefit plan offered under this subsection.

SECTION 3. Amends Section 1271.151, Insurance Code, as follows:

> Sec. 1271.151. PROVISION OF BASIC HEALTH CARE SERVICES. (a) Creates this subsection from existing text. Authorizes a health maintenance organization that offers a basic health care plan to impose limitations as to time and cost of basic health care services. Deletes existing text relating to limitations prescribed by commissioner of insurance rule.
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> (b) Authorizes a health maintenance organization to impose on enrollees copayment or coinsurance charges for arranging to provide certain services or charge a deductible or coinsurance requirement for a basic, limited, or single health care service.
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> (c) Authorizes the commissioner of insurance (commissioner) to adopt reasonable copayment, deductible, and coinsurance restrictions for health benefit plans offered by a health maintenance organization in amounts or percentages not to exceed similar restrictions adopted for preferred provider benefit plans.

SECTION 4. Amends Section 1501.255, Insurance Code, by adding Subsections (d), (e) and (f), as follows:

(d) Authorizes a health maintenance organization to impose on enrollees copayment or coinsurance charges for arranging to provide certain services or charge a deductible or coinsurance requirement for a basic, limited, or single health care service.

(e) Provides that a health benefit plan offered by a health maintenance organization under Subsection (b)(1) is not subject to any restrictions or limitations on cost sharing.

(f) Authorizes the commissioner to adopt reasonable copayment, deductible, and coinsurance restrictions for health benefit plans offered by a health maintenance organization under Subsection (b)(1) in amounts or percentages not to exceed similar restrictions adopted for preferred provider benefit plans.

SECTION 5. Makes application of Section 1271.151, Insurance Code, as amended by this Act, prospective.

SECTION 6. Makes application of Section 1501.255, Insurance Code, as amended by this Act prospective.

SECTION 7. Effective date: April 1, 2005, or September 1, 2005.