

BILL ANALYSIS

S.B. 1284
By: Armbrister
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, Chapter 843 (Health Maintenance Organizations) of the Insurance Code is essentially a stand alone statute governing the establishment, operation, and dissolution of health maintenance organizations (HMOs). HMOs are not subject to certain provisions that provide guidance to other types of insurers regarding the operation of their business unless those statutes specifically reference HMOs or are contained in Chapter 843. S.B. 1284 addresses specific financial solvency issues related to HMOs.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 843.051, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 843.051, Insurance Code, by adding Subsections (f) and (g), as follows:

(f) Provides that a health maintenance organization (HMO) is subject to Chapter 823 as if the HMO were an insurer under that chapter.

(g) Provides that the merger of an HMO with another HMO is subject to Chapter 824 as if the HMOs were insurance corporations under that chapter. Authorizes the commissioner of insurance (commissioner) to adopt rules as necessary to implement this subsection in a way that reflects the nature of HMOs, health care plans, or evidences of coverage.

SECTION 2. Amends Section 843.441(a), Insurance Code, to include expenses incurred by the commissioner acting as receiver or by a special deputy receiver.

SECTION 3. Repealer: Section 843.441(b) (pertaining to requirements of HMOs' claims payment processes), Insurance Code.

SECTION 4. Effective date: September 1, 2005.

EFFECTIVE DATE

September 1, 2005.