

BILL ANALYSIS

C.S.H.B. 522
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Medical records are currently being converted into an electronic format. Transferring medical records to an electronic format is time consuming, costly, and can result in transcription errors. To make this process more efficient, some health insurance providers are providing health insurance coverage information in an electronically readable format such as on a magnetic strip on the back of an insurance card or in the form of smart card technology.

C.S.H.B. 522 seeks to improve efficiency in medical record transcription by implementing a health benefit plan identification card requirements program.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Commissioner of Insurance in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 522 relates to the adoption and operation of requirements regarding health benefit plan identification cards. The bill seeks to amend the Texas Insurance Code by adding Chapter 1215 which discusses health benefit plan identification cards.

The bill begins by defining enrollee to mean an individual who is insured by or enrolled in a health benefit plan. Next, the bill mentions the applicability of Chapter 1215 and states that the chapter applies only to a health benefit plan that provides benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness, including an individual, group, blanket, or franchise insurance policy or insurance agreement, a group hospital service contract, or an individual or group evidence of coverage or similar coverage document that is offered by: an insurance company; a group hospital service corporation operating under Chapter 842; a fraternal benefit society operating under Chapter 885; a stipulated premium insurance company operating under Chapter 884; a reciprocal exchange operating under Chapter 942; a health maintenance organization operating under Chapter 843; a multiple employer welfare arrangement that holds a certificate of authority under Chapter 846; or an approved nonprofit health corporation that holds a certificate of authority under Chapter 844.

Next, Section 1215.003 states the implementation of identification card requirements and says that the Texas Department of Insurance shall establish and implement requirements for identification cards issued to enrollees in conjunction with health benefit plans. Further, the Commissioner of Insurance shall designate a county in this state with a population of at least three million for initial participation in the identification card requirements program. Not later than September 1, 2008, the department shall implement the program in the county designated by the commissioner. Also, not later than September 1, 2010, the department shall implement the requirements on a statewide basis.

Identification card requirements are set forth in the next section, Section 1215.004. It states that the Commissioner of Insurance shall require the issuer of a health benefit plan that is offered in a county in which the identification card requirements are implemented to issue an identification card that complies with the requirements of Section 1215.004 to each enrollee in the plan. The card must include: the name of the issuer of the health benefit plan; the name of the administrator of the health benefit plan, if any; the name of the policyholder or group contract holder; the number of the policy, contract, or evidence of insurance; a telephone number or electronic address for authorizations; and the name of the payor under the health benefit plan. Also, in addition to this information, the Commissioner of Insurance, by rule, shall require the use of technology as appropriate to ensure that the card may be used to provide accurate and

current information, with proper protection of the security of the information, to each enrollee regarding: deductibles; the allowable or usual and customary amounts paid by the plan for out-of-network care; participation in the plan's network by a physician or health care provider; any financial responsibility on the part of the insured or enrollee for services provided through the plan; whether physicians and other health care providers participating in the plan's network are accepting new patients; and the availability of physicians and other health care providers participating in the plan's network at hospitals that participate in that network. All of the information required in Sections 1215.004 (a) and (b) is in addition to any other information required under this title to be included on an identification card or other document issued in conjunction with a health benefit plan.

In regard to rules, the bill states that the Commissioner of Insurance shall adopt rules in the manner prescribed by Subchapter A, Chapter 36, as necessary to implement this chapter. The commissioner, by rule: shall designate the type of technology to be used to provide the information required on an identification card described under Section 1215.004, which may include magnetic strip technology, smart card technology, biometric technology, or any other technology determined appropriate by the department; and protect the confidentiality and accuracy of the information described by Sections 1215.004 (a)-(b); and may authorize changes in the form of the technology designated under Subdivision (1) (A) as necessary to conform to changes in that technology.

Finally, the bill discusses insurer compliance and says that each issuer of a health benefit plan that offers a health benefit plan in a county designated by the Commissioner of Insurance under Section 1215.003 (b) for initial participation in the identification card requirements program shall comply with this chapter and rules adopted under this chapter not later than September 1, 2008. Also, each issuer of a health benefit plan that offers a health benefit plan in this state other than a plan described in Section 1215.006 (a), shall comply with this chapter and rules adopted under this chapter not later than September 1, 2010. To ensure timely compliance with the requirements of this chapter, the Commissioner of Insurance may require the issuer of a health benefit plan to submit its procedures for implementation of the requirements to the department in the form prescribed by the commissioner.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 522 first changes the caption of H.B. 522. C.S.H.B. 522 now states that the bill relates to adoption and operation of requirements regarding health benefit plan identification cards, rather than relating to health benefit plan identification cards. Chapter 1215 heading was also changed in the substitute and now reads "Health Benefit Plan Identification Cards", rather than "Identification Card Requirements For Certain Health Benefit Plan Coverage" as found in the original house bill. Also, "who is insured by" is added to the definition of "enrollee" in C.S.H.B. 522.

Next, C.S.H.B. 522 deletes Subsections (b)-(d) of Section 1215.002, which in the original bill continued to discuss the types of plans to which Chapter 1215 applied. Also, C.S.H.B. 522 completely changes the language in Section 1215.003 of the original house bill by removing the exception language (i.e. the plans that the chapter does not apply to) and now discussing the implementation of identification card requirements. This section in the substitute now relates to the implementation of identification card requirements and says that the department shall establish and implement requirements in a certain county than on a statewide basis for identification cards issued to enrollees in conjunction with health benefit plans.

In regards to identification card requirements, Section 1215.004 of C.S.H.B. 522 changes the language of the original house bill by stating that the Insurance Commissioner shall require the issuer of a health benefit plan that is offered in a county in which the identification card requirements are implemented to issue an identification card that complies with the requirements

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of this section to each enrollee in the plan, whereas the original house bill required the issuer of a health benefit plan described by Section 1215.002, including a dental, vision, or pharmacy plan to issue an identification card or similar document to each enrollee. C.S.H.B. 522 also adds the name of the payor under the health benefit plan to the list of information to be included on the card. This substitute adds language to state that in addition to the information required under Section 1215.004 (a), the Insurance Commissioner, by rule, shall require the use of technology as appropriate to ensure that the card may be used to provide accurate and current information, with proper protection of the security of the information, to each enrollee regarding: deductibles; the allowable or usual and customary amounts paid by the plan for out-of-network care; participation in the plan's network by a physician or health care provider; any financial responsibility on the part of the insured or enrollee for services provided through the plan; whether physicians and other health care providers participating in the plan's network are accepting new patients; and the availability of physicians and other health care providers participating in the plan's network at hospitals that participate in that network. The information required in Sections 1215.004(a) and (b) is in addition to any other information required under this title to be included on an identification card or other document issued in conjunction with a health benefit plan.

C.S.H.B 522 also changes Section 1215.005. Section 1215.005 of H.B. 522 discussed the implementation program and set out dates for compliance. C.S.H.B. 522, however, now discusses the rules necessary to implement this chapter. C.S.H.B 522, Section 1215.005 states that that the Commissioner of Insurance shall adopt rules in the manner prescribed by Subchapter A, Chapter 36, as necessary to implement this chapter. The substitutes also provides that the commissioner, by rule: shall designate the type of technology to be used to provide the information required on an identification card described under Section 1215.004, which may include magnetic strip technology, smart card technology, biometric technology, or any other technology determined appropriate by the department (while the original bill in Section 1215.004 provided that the identification card must contain the required information embedded in the card and accessible through magnetic strip or smart card technology); and protect the confidentiality and accuracy of the information described by Sections 1215.004 (a)-(b); and may authorize changes in the form of the technology designated under Subdivision (1) (A) as necessary to conform to changes in that technology.

Finally, C.S.H.B. 522 adds Section 1215.006 which discusses insurer compliance. C.S.H.B. 522 says that each issuer of a health benefit plan that offers a health benefit plan in a county designated by the commissioner under Section 1215.003 (b) for initial participation in the identification card requirements program shall comply with this chapter and rules adopted under this chapter not later than September 1, 2008. Also, each issuer of a health benefit plan that offers a health benefit plan in this state other than a plan described in Section 1215.006 (a), shall comply with this chapter and rules adopted under this chapter not later than September 1, 2010. To ensure timely compliance with the requirements of this chapter, the Commissioner of Insurance may require the issuer of a health benefit plan to submit its procedures for implementation of the requirements to the department in the form prescribed by the commissioner. C.S.H.B. 522 removes language in the original by deleting SECTIONS 2-7 of the original and renumbering the effective date section from SECTION 8 in the original house bill to SECTION 2 in C.S.H.B. 522. SECTIONS 2-7 of the original provided that identification card provisions under Sections 843.209, 1301.162, 1369.153, 1504.055, 1551.060 and 4151.152 of the Texas Insurance Code must comply with the requirements adopted under Chapter 1215.