BILL ANALYSIS

C.S.H.B. 2329
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current state law, preferred provider benefit plans (PPBPs) and health maintenance organizations (HMOs) provide certain information to the Texas Department of Insurance (TDI) and the Office of Public Insurance Council (OPIC). Information submitted to TDI is primarily for the purposes of determining whether the PPBP or HMO is meeting its statutory and regulatory requirements including financial solvency. Most of this information is not useful for consumers or employers. In addition, the type and amount of information submitted to TDI from insurers who issue PPBPs is limited.

The consumer report card information collected by OPIC is intended for use by consumers and the public but is limited in its scope to data collected from HMOs. Included in the report card is information on the services provided by HMOs, the quality of care provided, the results of a consumer satisfaction survey, costs, complaints, and other helpful information.

C.S.H.B. 2329 enhances and expands the information available to consumers by requiring the publication of report cards that address HMO and PPBP efficiency and require them to submit additional information to TDI as determined by the commissioner of insurance. The additional information would be described in a consumer-friendly format and made available to the public annually.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Commissioner of Insurance in SECTION 1 (Section 1301.304 of the Texas Insurance Code) and SECTION 2 (Section 843.504 of the Texas Insurance Code) of this bill.

ANALYSIS

C.S.H.B. 2329 relates to the creation of consumer report cards for the comparison of health care plans.

C.S.H.B. 2329 adds new subchapters to the Insurance Code which define the following terms for both Preferred Provider Benefit Plans and HMOs: “Direct losses incurred,” “Direct losses paid,” “Direct premiums earned,” “Premium to Direct Patient Care Score,” “Network Adequacy Score,” “Claims Paid Score,” “Allowables Cap Score,” “Expected Profit Score,” and “Justified Complaint.”

The bill directs the Commissioner of Insurance to develop and issue an annual insurance consumer report card that publicizes the scores as provided in this subchapter in a format that will permit direct comparison of preferred provider benefit plans offered by insurers. Additionally, the bill directs the commissioner to develop and issue an annual health maintenance consumer report card in a format that will permit direct comparison of health maintenance organizations.

The report cards would be required to be: 1) accessible to the public on the department’s internet website; 2) provided to each member of a health-related or insurance-related legislative committee; 3) provided to a member of the public who submits a written request; and 4) provided to public libraries throughout the state that request copies. The commissioner shall issue a press release when the annual report cards are made available and issued.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2329 corrects drafting errors without modifying the substance of the bill.

Page 1, line 7 of the substitute strikes "Annual Insurance Consumer Report Cards" and inserts "Annual Preferred Provider Benefit Plan Report Cards". This change is made consistently throughout the document. Page 1, line 8 of the substitute is modified by eliminating (a). Line 12 of page 1 provides clarification by adding the term "reporting" here and throughout the bill. Page 1, line 13 is modified by changing "this amount" to "The term" throughout the bill.

Page 2, lines 12 & 20 of the substitute adds "the preferred provider benefit plan" to the end of the sentences for clarification purposes.

Page 3, line 2 of the substitute (line 8 of the introduced) Subdivides (9) into (A) & (B) for clarification purposes. Page 3, line 2 of the substitute eliminates the "(a)" and the word "PUBLIC" here and throughout the bill as a modifier of "Report Card". Page 3, line 18 of the substitute (page 4, line 2 of the introduced) the second (7) is changed to an (8). Page 3, line 23 of the substitute (page 4, line 7 of the introduced) modifies the introduced bill by specifying that the rules be adopted in the manner prescribed by Subchapter A, Chapter 36 versus the adoption of rules by the commissioner.

Page 4, line 6 of the substitute (line 15 of the introduced) clarifies "each member of a health-related or insurance-related legislative committee" to mean "each committee of the house of representatives or the senate that has jurisdiction over issues concerning health or insurance". Page 4, line 19 of the substitute (Page 5, line 3 of the introduced) the word "Consumer" is eliminated throughout the bill as a modifier of the report card. Page 4, line 20 of the substitute (page 5, line 4 of the introduced) the "(a)" is eliminated.

Page 5, line 17 of the introduced is modified by adding "by the health maintenance organization" for clarification purposes to the substitute.

Page 6, line 8 of the Substitute (line 21 of the introduced) eliminates the words "violation of a policy provision". Page 6, line 27 of the substitute (page 7, line 16 of the introduced) eliminates the words "REPORT CARD".

Page 7, line 9 of the substitute (page 8, line 2 of the introduced) an (8) replaces the second (7) of the introduced bill. Page 7, line 14 of the substitute adds "the manner prescribed by Subchapter A, Chapter 36," as the manner in which rules shall be adopted. Page 7, line 24 of the substitute modifies page 8, line 16 of the introduced clarifies "each member of a health-related and each member of an insurance-related legislative committee" by specifying "each committee of the house of representatives or the senate that has jurisdiction over issues concerning health or insurance".