

BILL ANALYSIS

S.B. 1254
By: Averitt
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Texans who cannot obtain health insurance through a private provider are able to obtain insurance through the Texas Health Insurance Risk Pool (pool). The pool also provides insurance to those individuals entitled to guaranteed insurance access under federal law. However, there are several inconsistencies with the pool's governing statute and other applicable state and federal laws.

As proposed, S.B. 1254 further defines specific individuals entitled to guaranteed access to health insurance. The bill also authorizes the pool's board of directors to extend a pool administrator's term of service from three years, as contractually required, to six years, in order to conform with the bid requirements of the Employee Retirement System, and changes the manner in which the interest rate for delinquent assessments is calculated. In addition, the bill makes several changes to Chapter 1506 (Texas Health Insurance Risk Pool), Insurance Code, so that the chapter conforms with other applicable state and federal laws.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 1506.001, Insurance Code, by adding Subdivisions (1-a) through (1-e) and (8), to define "church plan," "creditable coverage," "federally defined eligible individual," "governmental plan," "group health plan," and "significant break in coverage."

SECTION 2. Amends Section 1506.002, Insurance Code, by amending Subsection (b) and adding Subsections (c) and (d), as follows:

(b) Provides that in this chapter, "health benefit plan" does not include one or more or any combination of insurance coverage plans only for accidents, disability income insurance, credit-only insurance, liability insurance, including general and automotive liability insurance, coverage for on-site medial clinics, and other similar insurance coverage specified by federal regulations issued under the Health Insurance Portability and Accountability Act of 1996 (Pub. L. No. 104-191) under which benefits for medical care are secondary or incidental to other insurance benefits, in addition to certain other types of coverage as set forth in this subsection. Deletes existing text providing that plans providing only dental or vision coverage, fixed indemnity insurance, including hospital indemnity insurance, credit insurance, long-term care insurance, disability income insurance, and other limited benefit coverage, including specified disease coverage, are not included in the definition of "health benefit plan."

(c) Provides that in this chapter, "health benefit plan" does not include certain benefits set forth in this subsection if they are provided under a separate policy, certificate, or contract of insurance, or are otherwise not an integral part of the coverage.

(d) Provides that in this chapter, "health benefit plan" does not include certain benefits set forth in this subsection if the benefits are provided under a separate policy, certificate, or contract of insurance, there is no coordination between the provision of the benefits and any exclusion of benefits under any group health plan maintained by the same plan sponsor, and the benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor.

SECTION 3. Amends Section 1506.151(a), Insurance Code, to require the Texas Health Insurance Risk Pool (pool) to offer coverage consistent with major medical expense coverage to each eligible individual, rather than each eligible individual under the age of 65.

SECTION 4. Amends Section 1506.152(a), Insurance Code, to provide that a legally domiciled resident of this state is eligible for coverage from the pool if the resident provides evidence to the pool that the individual is a federally defined eligible individual who has not experience s a significant break in coverage or is under 65 years of age and meets certain requirements as set forth in this subsection. Deletes text authorizing eligibility of coverage to such a resident who has provided evidence to the pool of having maintained health benefit plan coverage for the preceding 18 months with no gap on coverage longer than 63 days, with the most recent coverage being provided through an employer-sponsored plan, church plan, or government plan.

SECTION 5. Amends Section 1506.153, Insurance Code, as amended by Chapters 728 and 824, Acts of the 79th Legislature, Regular Session, 2005, to provide that, notwithstanding Section 1506.152 (Eligibility for Coverage), an individual is not eligible for coverage from the pool if, at the time the individual applies to the pool, the individual is eligible for other health care benefits, including an offer of benefits from the continuation of coverage under certain federal legislation, other than coverage, including certain federal coverage or other continuation or conversion coverage, maintained for any preexisting condition waiting period under a pool policy or during any preexisting condition waiting period or other waiting period of the other coverage, in addition to other types of coverage set forth in this subsection.

SECTION 6. Amends Section 1506.154(a), Insurance Code, to require the board of directors of the pool (board) to adopt a list of medical or health conditions for which an individual is eligible for pool coverage under Section 1506.152(a)(3)(D) (regarding the provision to the pool of a diagnosis of one of the health conditions listed under this section), rather than 1506.152(a)(3)(E) (regarding the provision to the pool of evidence that the individual is covered by substantially similar individual coverage excluding one or more conditions by rider), without applying for health benefit plan coverage.

SECTION 7. Amends Sections 1506.155(b) and (c), Insurance Code, as follows:

(b) Provides that the exclusion provided by Subsection (a) (regarding an exclusion for a preexisting conditions) does not apply to a federally defined eligible individual or certain other individuals as set forth in this subsection. Makes conforming changes.

(c) Makes conforming changes.

SECTION 8. Amends Section 1506.202(a), Insurance Code, to authorize the board, on a competitive bid basis, to contract with, rather than select, one or more health benefit plan issuers or third-party administrators authorized by the Department of Insurance to administer the pool. Makes a conforming deletion.

SECTION 9. Amends Section 1506.203, Insurance Code, as follows:

Sec. 1506.203. New heading: ADMINISTRATOR'S CONTRACT. Requires the person selected as a pool administrator to serve in that capacity for a period specified in the contract between the pool and the pool administrator, subject to removal for cause and subject to any terms, conditions, and limitations of that contract. Requires the term of the contract to be at least three years and authorizes the term to be extended, in the board's sole discretion, for up to a total term of six years. Deletes text requiring the term to be a three-year term beginning on the date the board issues its order making the selection. Makes conforming changes.

SECTION 10. Amends Section 1506.254(b), Insurance Code, to provide that interest accrues on the unpaid amount of an assessment at a rate equal to the prime lending rate, as published in the most recent issue of the Wall Street Journal and determined as of the first day of each month during which the assessment is delinquent, rather than the date the assessment becomes delinquent, plus three percent.

SECTION 11. (a) Makes application of this Act relating to an application for initial or renewal coverage through the pool under Chapter 1506 (Texas Health Insurance Risk Pool), Insurance Code, as amended by this Act, prospective.

(b) Makes application of this Act relating to an assessment under Subchapter F (Assessments for Operation of Pool), Chapter 1506, Insurance Code, prospective to January 1, 2008.

SECTION 12. Effective date: January 1, 2008.

EFFECTIVE DATE

January 1, 2008.