By: Smith of Tarrant H.B. No. 2329

A BILL TO BE ENTITLED

AN ACT

relating to the creation of consumer report cards for the comparison of health care plans.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 1301, Insurance Code is amended by adding new Subchapter F to read as follows:

Subchapter F. Annual Insurance Consumer Report Cards

Sec. 1301.301. Definitions. (a) In this subchapter:

(1) "Direct losses incurred" means the sum of direct losses paid plus an estimate of losses to be paid in the future for all claims arising from the current reporting period and all prior periods, minus the corresponding estimate made at the close of business for the preceding period. This amount does not include home office and overhead costs, advertising costs, commissions and other acquisition costs, taxes, capital costs, administrative costs, utilization review costs, or claims processing costs.

(2) "Direct losses paid" means the sum of all payments made during the period for claimants under a preferred provider benefit plan before reinsurance has been ceded or assumed. This amount does not include home office and overhead costs, advertising costs, commissions and other acquisition costs, taxes, capital costs, administrative costs, utilization review costs, or claims processing costs.

(3) "Direct premiums earned" means the amount of

premium attributable to the coverage already provided in a given period before reinsurance has been ceded or assumed.

(4) "Premium to Direct Patient Care Score" means direct losses incurred divided by direct premiums earned.

(5) "Network Adequacy Score" means the total number of claims paid as out-of-network by a preferred provider benefit plan divided by the total number of claims paid.

(6) "Claims Paid Score" means the total dollar amount paid by the preferred provider benefit plan as out-of-network divided by the total dollar amount of claims paid by the preferred provider benefit plan.

(7) "Allowables Cap Score" means the aggregate percentage margin between the amount submitted on claims by non-contracted physicians or providers and the preferred provider benefit plan's allowable amount or usual and customary amounts it is willing to pay.

(8) "Expected Profit Score" is the percentage of the premium dollar that represents the actuarially set allowance for profit.

(9) "Justified Complaint" means a complaint submitted to the department of insurance for which the department determines there is an apparent violation of a policy provision, contract provision, rule or statute, or there is a valid concern that a prudent layperson would regard as a practice or service that is below customary business practice.

Sec. 1301.302 PUBLIC REPORT CARD. (a) The commissioner shall develop and issue an annual insurance consumer report card

that publicizes the scores as provided in this subchapter. The annual insurance consumer report card shall be in a format that will permit direct comparison of preferred provider benefit plans offered by insurers.

Sec. 1301.303. REPORT CARD SCORES. (a) The report card must include the following:

(1) a premium to direct patient care score;

(2) a network adequacy score;

(3) a claims paid score;

(4) an allowables cap score;

(5) an expected profit score;

(6) the number of covered persons for each preferred provider benefit plan;

(7) the total dollar amount of premiums earned by the preferred provider benefit plan; and

(8) the number of justified complaints.

(b) The report card must contain a plain language explanation of the scores understandable to the average lay person.

Sec. 1301.304. RULEMAKING. The commissioner shall adopt rules as necessary to implement this subchapter, including rules governing the filing of any financial report or information necessary for the annual report cards.

Sec. 1301.305. PUBLICATION AND PUBLICITY. (a) The commissioner shall:

(1) ensure the annual insurance consumer report cards are accessible to the public on the department's internet website;

(2) provide the annual insurance consumer report cards

to each member of a health-related or insurance-related legislative committee;

(3) provide a copy to a member of the public who submits a written request; and

(4) provide copies to public libraries throughout this state that request copies.

(b) The commissioner shall issue a press release upon the annual issuance of the report cards.

SECTION 2. Chapter 843, Insurance Code, is amended by adding new Subchapter O to read as follows:

Subchapter O. Annual Health Maintenance Organization Consumer Report Cards

Sec. 843.501. Definitions. (a) In this subchapter:

(1) "Direct losses incurred" means the sum of direct losses paid plus an estimate of losses to be paid in the future for all claims arising from the current reporting period and all prior periods, minus the corresponding estimate made at the close of business for the preceding period. This amount does not include home office and overhead costs, advertising costs, commissions and other acquisition costs, taxes, capital costs, administrative costs, utilization review costs, or claims processing costs.

(2) "Direct losses paid" means the sum of all payments made during the period for claimants before reinsurance has been ceded or assumed. This amount does not include home office and overhead costs, advertising costs, commissions and other acquisition costs, taxes, capital costs, administrative costs, utilization review costs, or claims processing costs.

(3) "Direct premiums earned" means the amount of premium attributable to the coverage already provided in a given period before reinsurance has been ceded or assumed.

(4) "Premium to Direct Patient Care Score" means direct losses incurred divided by direct premiums earned.

(5) "Network Adequacy Score" means the sum of the total number of claims paid as out-of-network by a health maintenance organization and paid pursuant to a point-of-service rider divided by the total number of claims paid.

(6) "Claims Paid Score" means the sum of the total dollar amount paid by the health maintenance organization as out-of-network and the total dollar amount paid pursuant to a point-of-service rider divided by the total dollar amount of claims paid by the health maintenance organization, including amounts paid pursuant to a point-of-service rider.

(7) "Allowables Cap Score" means the aggregate percentage margin between the amount submitted on claims by non-contracted physicians or providers and the health maintenance organization's allowable amount or usual and customary amounts it is willing to pay.

(8) "Expected Profit Score" is the percentage of the premium dollar that represents the actuarially set allowance for profit.

(9) "Justified Complaint" means a complaint submitted to the department of insurance for which the department determines there is an apparent violation of a policy provision, evidence of coverage, contract provision, rule or statute, or there is a valid

concern that a prudent layperson would regard as a practice or service that is below customary business practice.

Sec. 843.502 PUBLIC REPORT CARD. (a) The commissioner shall develop and issue an annual health maintenance organization consumer report card that publicizes the scores as provided in this subchapter. The annual health maintenance organization consumer report card shall be in a format that will permit direct comparison of health maintenance organizations.

(b) The annual health maintenance organization consumer report card required by this subchapter shall be developed and disseminated in consultation with the Office of Public Insurance Counsel and with any report card mandated under Chapter 501.

(c) In addition to any other authority granted by this Code, the Office of Public Insurance Counsel is entitled to information reported by health maintenance organizations as requested in furtherance of the purposes of this subchapter.

Sec. 843.503. REPORT CARD SCORES. (a) The report card must include the following:

(1) a premium to direct patient care score;

(2) a network adequacy score;

(3) a claims paid score;

(4) an allowable cap score;

(5) an expected profit score;

(6) the number of enrollees;

(7) the total dollar amount of premiums earned; and

(7) the number of justified complaints.

(b) The report card must contain a plain language

explanation of the scores understandable to the average lay person.

Sec. 843.504. RULEMAKING. (a) The commissioner shall adopt rules as necessary to implement this subchapter, including rules governing the filing of any financial report or information necessary for the annual report cards.

Sec. 1301.305. PUBLICATION AND PUBLICITY. (a) The commissioner shall:

(1) ensure the annual health maintenance organization consumer report cards are accessible to the public on the department's internet website;

(2) provide the annual health maintenance organization consumer report cards to each member of a health-related legislative committee and each member of an insurance-related legislative committee;

(3) provide a copy to a member of the public who submits a written request; and

(4) provide copies to public libraries throughout this state that request copies.

(b) The commissioner shall issue a press release upon the annual issuance of the report cards.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.