

By: Smith of Tarrant

H.B. No. 2329

A BILL TO BE ENTITLED

1 AN ACT

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

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

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

7 Subchapter F. Annual Insurance Consumer Report Cards

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 7 (1) a premium to direct patient care score;
- 8 (2) a network adequacy score;
- 9 (3) a claims paid score;
- 10 (4) an allowables cap score;
- 11 (5) an expected profit score;
- 12 (6) the number of covered persons for each preferred
13 provider benefit plan;
- 14 (7) the total dollar amount of premiums earned by the
15 preferred provider benefit plan; and
- 16 (8) the number of justified complaints.

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

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

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

- 25 (1) ensure the annual insurance consumer report cards
26 are accessible to the public on the department's internet website;
- 27 (2) provide the annual insurance consumer report cards

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

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

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

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

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

11 Subchapter O. Annual Health Maintenance Organization Consumer
12 Report Cards

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 19 (1) a premium to direct patient care score;
- 20 (2) a network adequacy score;
- 21 (3) a claims paid score;
- 22 (4) an allowable cap score;
- 23 (5) an expected profit score;
- 24 (6) the number of enrollees;
- 25 (7) the total dollar amount of premiums earned; and
- 26 (7) the number of justified complaints.

27 (b) The report card must contain a plain language

1 explanation of the scores understandable to the average lay person.

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

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

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

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

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

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

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

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