

By: Deuell, Shapleigh, West

S.B. No. 1144

A BILL TO BE ENTITLED

AN ACT

relating to the reporting requirements for health plans participating in the medical assistance program.

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

SECTION 1. Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.0283 to read as follows:

Sec. 32.0283. MEDICAL LOSS RATIO. (a) In this section:

(1) "Capitated fees earned" means the amount of fees attributable to the coverage already provided in a given period based on a predetermined payment per enrollee for a specified period and before reinsurance has been ceded or assumed.

(2) "Direct losses incurred" means the sum of direct losses paid in the current reporting period 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, but 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 losses paid" means the sum of all payments made during the period for claimants under a health plan participating in the medical assistance program before reinsurance has been ceded or assumed, but does not include home office and

1 overhead costs, advertising costs, commissions and other  
2 acquisition costs, taxes, capital costs, administrative costs,  
3 utilization review costs, or claims processing costs.

4 (4) "Executive commissioner" means the executive  
5 commissioner of the Health and Human Services Commission.

6 (5) "Health plan" means a plan under which a person  
7 undertakes to provide, arrange, or pay for any part of the cost of  
8 any health care or service in the medical assistance program on a  
9 predetermined payment per enrollee for a specified period.

10 (6) "Medical loss ratio" means direct losses incurred  
11 divided by the sum of the capitated fees earned.

12 (b) Each health plan participating in the medical  
13 assistance program shall report to the executive commissioner its  
14 medical loss ratio in the medical assistance program. A health plan  
15 shall report its medical loss ratio in a sworn statement by an  
16 officer of the health plan that has authority to bind the health  
17 plan.

18 (c) The executive commissioner may require a health plan to  
19 provide any necessary information or documentation to analyze and  
20 verify a medical loss ratio reported under this section and may  
21 issue subpoenas to compel the production of information,  
22 documentation, or testimony relating to a medical loss ratio. The  
23 executive commissioner may audit, or may contract with the state  
24 auditor to audit, a health plan reporting a medical loss ratio to  
25 analyze and verify the ratio. An audit conducted by the state  
26 auditor under this subsection is subject to approval by the  
27 legislative audit committee for inclusion in the annual audit plan

1 created under Section 321.013(c), Government Code.

2 (d) The executive commissioner shall prepare an annual  
3 report analyzing medical loss ratios reported under this section.  
4 Copies of the annual report must be provided to the governor, the  
5 lieutenant governor, and the speaker of the house of  
6 representatives on or before January 15 of each year. The annual  
7 report and all sworn medical loss ratios reported to the executive  
8 commissioner are public information under Chapter 552, Government  
9 Code.

10 (e) The executive commissioner shall adopt rules as  
11 necessary to implement this section, including rules regarding the  
12 frequency and form of reporting medical loss ratios.

13 SECTION 2. As soon as practicable after the effective date  
14 of this Act, the executive commissioner of the Health and Human  
15 Services Commission shall adopt rules required under Section  
16 32.0283, Human Resources Code, as added by this Act.

17 SECTION 3. If before implementing a provision of this Act a  
18 state agency determines that a waiver or authorization from a  
19 federal agency is necessary for implementation of that provision,  
20 the agency affected by the provision shall request the waiver or  
21 authorization and may delay implementing that provision until the  
22 waiver or authorization is granted.

23 SECTION 4. This Act takes effect immediately if it receives  
24 a vote of two-thirds of all the members elected to each house, as  
25 provided by Section 39, Article III, Texas Constitution. If this  
26 Act does not receive the vote necessary for immediate effect, this  
27 Act takes effect September 1, 2007.