

1-1 By: Deuell S.B. No. 1144
1-2 (In the Senate - Filed March 5, 2007; March 14, 2007, read
1-3 first time and referred to Committee on Health and Human Services;
1-4 April 27, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; April 27, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1144 By: Deuell

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the reporting requirements for health plans
1-11 participating in the medical assistance program.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter B, Chapter 32, Human Resources Code,
1-14 is amended by adding Section 32.0283 to read as follows:

1-15 Sec. 32.0283. MEDICAL LOSS RATIO. (a) In this section:

1-16 (1) "Capitated fees earned" means the amount of fees
1-17 attributable to the coverage already provided in a given period
1-18 based on a predetermined payment per enrollee for a specified
1-19 period and before reinsurance has been ceded or assumed.

1-20 (2) "Direct losses incurred" means the sum of direct
1-21 losses paid in the current reporting period plus an estimate of
1-22 losses to be paid in the future for all claims arising from the
1-23 current reporting period and all prior periods, minus the
1-24 corresponding estimate made at the close of business for the
1-25 preceding period, but does not include home office and overhead
1-26 costs, advertising costs, commissions and other acquisition costs,
1-27 taxes, capital costs, administrative costs, utilization review
1-28 costs, or claims processing costs.

1-29 (3) "Direct losses paid" means the sum of all payments
1-30 made during the period for claimants under a health plan
1-31 participating in the medical assistance program before reinsurance
1-32 has been ceded or assumed, but does not include home office and
1-33 overhead costs, advertising costs, commissions and other
1-34 acquisition costs, taxes, capital costs, administrative costs,
1-35 utilization review costs, or claims processing costs.

1-36 (4) "Executive commissioner" means the executive
1-37 commissioner of the Health and Human Services Commission.

1-38 (5) "Health plan" means a plan under which a person
1-39 undertakes to provide, arrange, or pay for any part of the cost of
1-40 any health care or service in the medical assistance program on a
1-41 predetermined payment per enrollee for a specified period.

1-42 (6) "Medical loss ratio" means direct losses incurred
1-43 divided by the sum of the capitated fees earned.

1-44 (b) Each health plan participating in the medical
1-45 assistance program shall report to the executive commissioner its
1-46 medical loss ratio in the medical assistance program. A health plan
1-47 shall report its medical loss ratio in a sworn statement by an
1-48 officer of the health plan that has authority to bind the health
1-49 plan.

1-50 (c) The executive commissioner may require a health plan to
1-51 provide any necessary information or documentation to analyze and
1-52 verify a medical loss ratio reported under this section and may
1-53 issue subpoenas to compel the production of information,
1-54 documentation, or testimony relating to a medical loss ratio. The
1-55 executive commissioner may audit, or may contract with the state
1-56 auditor to audit, a health plan reporting a medical loss ratio to
1-57 analyze and verify the ratio. An audit conducted by the state
1-58 auditor under this subsection is subject to approval by the
1-59 legislative audit committee for inclusion in the annual audit plan
1-60 created under Section 321.013(c), Government Code.

1-61 (d) The executive commissioner shall prepare an annual
1-62 report analyzing medical loss ratios reported under this section.
1-63 Copies of the annual report must be provided to the governor, the

2-1 lieutenant governor, and the speaker of the house of
2-2 representatives on or before January 15 of each year. The annual
2-3 report and all sworn medical loss ratios reported to the executive
2-4 commissioner are public information under Chapter 552, Government
2-5 Code.

2-6 (e) The executive commissioner shall adopt rules as
2-7 necessary to implement this section, including rules regarding the
2-8 frequency and form of reporting medical loss ratios.

2-9 SECTION 2. As soon as practicable after the effective date
2-10 of this Act, the executive commissioner of the Health and Human
2-11 Services Commission shall adopt rules required under Section
2-12 32.0283, Human Resources Code, as added by this Act.

2-13 SECTION 3. If before implementing a provision of this Act a
2-14 state agency determines that a waiver or authorization from a
2-15 federal agency is necessary for implementation of that provision,
2-16 the agency affected by the provision shall request the waiver or
2-17 authorization and may delay implementing that provision until the
2-18 waiver or authorization is granted.

2-19 SECTION 4. This Act takes effect immediately if it receives
2-20 a vote of two-thirds of all the members elected to each house, as
2-21 provided by Section 39, Article III, Texas Constitution. If this
2-22 Act does not receive the vote necessary for immediate effect, this
2-23 Act takes effect September 1, 2007.

2-24 * * * * *