

By: Carona

S.B. No. 1355

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 Subchapter F to read as follows:

7 SUBCHAPTER F. ANNUAL INSURANCE CONSUMER REPORT CARDS

8 Sec. 1301.301. DEFINITIONS. In this subchapter:

9 (1) "Allowables cap score" means the aggregate
10 percentage margin between the amount submitted on claims by
11 noncontracted physicians or providers and the preferred provider
12 benefit plan's allowable amount or usual and customary amounts it
13 is willing to pay.

14 (2) "Claims paid score" means the total dollar amount
15 paid by the preferred provider benefit plan as out-of-network
16 divided by the total dollar amount of claims paid by the preferred
17 provider benefit plan.

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

1 costs, utilization review costs, or claims processing costs.

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

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

12 (6) "Expected profit score" is the percentage of the
13 premium dollar that represents the actuarially set allowance for
14 profit.

15 (7) "Justified complaint" means a complaint submitted
16 to the department with regard to which the department determines
17 that there is an apparent violation of a policy provision, contract
18 provision, rule, or statute or that there is a reasonable
19 likelihood that a prudent layperson would regard the act as giving
20 rise to the complaint as a practice or service that is below the
21 standard of customary business practice.

22 (8) "Network adequacy score" means the total number of
23 claims paid as out-of-network by a preferred provider benefit plan
24 divided by the total number of claims paid.

25 (9) "Premium to direct patient care score" means
26 direct losses incurred divided by direct premiums earned.

27 Sec. 1301.302. PUBLIC REPORT CARD. The commissioner shall

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

5 Sec. 1301.303. REPORT CARD SCORES. (a) The annual
6 insurance consumer report card 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 annual insurance consumer report card must contain a
18 plain language explanation of the scores understandable to the
19 average layperson.

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

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

- 26 (1) ensure that the annual insurance consumer report
27 cards are accessible to the public on the department's Internet

1 website;

2 (2) provide the report cards to each member of a
3 health-related or insurance-related legislative committee;

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

6 (4) provide copies of the report cards to public
7 libraries throughout this state that request copies.

8 (b) The commissioner shall issue a press release
9 publicizing the annual issuance of the insurance consumer report
10 cards.

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

13 SUBCHAPTER O. ANNUAL HEALTH MAINTENANCE ORGANIZATION CONSUMER
14 REPORT CARDS

15 Sec. 843.501. DEFINITIONS. In this subchapter:

16 (1) "Allowables cap score" means the aggregate
17 percentage margin between the amount submitted on claims by
18 noncontracted physicians or providers and the health maintenance
19 organization's allowable amount or usual and customary amounts it
20 is willing to pay.

21 (2) "Claims paid score" means the sum of the total
22 dollar amount paid by the health maintenance organization as
23 out-of-network and the total dollar amount paid under a
24 point-of-service rider divided by the total dollar amount of claims
25 paid by the health maintenance organization, including amounts paid
26 under a point-of-service rider.

27 (3) "Direct losses incurred" means the sum of direct

1 losses paid plus an estimate of losses to be paid in the future for
2 all claims arising from the current reporting period and all prior
3 periods, minus the corresponding estimate made at the close of
4 business for the preceding period. This amount does not include
5 home office and overhead costs, advertising costs, commissions and
6 other acquisition costs, taxes, capital costs, administrative
7 costs, utilization review costs, or claims processing costs.

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

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

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

20 (7) "Justified complaint" means a complaint submitted
21 to the department with regard to which the department determines
22 that there is an apparent violation of a policy provision, evidence
23 of coverage, contract provision, rule, or statute or that there is a
24 reasonable likelihood that a prudent layperson would regard the act
25 giving rise to the complaint as a practice or service that is below
26 the standard of customary business practice.

27 (8) "Network adequacy score" means the sum of the

1 total number of claims paid as out-of-network by a health
2 maintenance organization and paid under a point-of-service rider
3 divided by the total number of claims paid.

4 (9) "Premium to direct patient care score" means
5 direct losses incurred divided by direct premiums earned.

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

11 (b) The annual health maintenance organization consumer
12 report card required by this subchapter shall be developed and
13 disseminated in consultation with the office of public insurance
14 counsel along with any report card mandated under Chapter 501.

15 (c) In addition to any other authority granted by this code,
16 the office of public insurance counsel is entitled to information
17 reported by health maintenance organizations as requested for the
18 purposes of this subchapter.

19 Sec. 843.503. REPORT CARD SCORES. (a) The annual health
20 maintenance organization consumer report card must include the
21 following:

22 (1) a premium to direct patient care score;

23 (2) a network adequacy score;

24 (3) a claims paid score;

25 (4) an allowables cap score;

26 (5) an expected profit score;

27 (6) the number of enrollees in each health maintenance

1 organization;

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

3 (8) the number of justified complaints.

4 (b) The annual health maintenance organization consumer
5 report card must contain a plain language explanation of the scores
6 understandable to the average layperson.

7 Sec. 843.504. RULEMAKING. The commissioner shall adopt
8 rules as necessary to implement this subchapter, including rules
9 governing the filing of any financial report or information
10 necessary for the annual health maintenance organization report
11 cards.

12 Sec. 843.505. PUBLICATION AND PUBLICITY. (a) The
13 commissioner shall:

14 (1) ensure that the annual health maintenance
15 organization consumer report cards are accessible to the public on
16 the department's Internet website;

17 (2) provide the report cards to each member of a
18 health-related legislative committee and each member of an
19 insurance-related legislative committee;

20 (3) provide a copy of the report cards to each member
21 of the public who submits a written request; and

22 (4) provide copies of the report cards to public
23 libraries throughout this state that request copies.

24 (b) The commissioner shall issue a press release
25 publicizing the annual issuance of the health maintenance
26 organization consumer report cards.

27 SECTION 3. This Act takes effect immediately if it receives

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