

SENATE AMENDMENTS

2nd Printing

By: Smith of Tarrant

H.B. No. 2548

A BILL TO BE ENTITLED

AN ACT

relating to coverage limitations in health benefit plans.

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

SECTION 1. Section 1201.154(b), Insurance Code, is amended to read as follows:

(b) A preexisting condition provision in an individual accident and health insurance policy may not apply to an individual[+]

[~~(1)~~] who was continuously covered for an aggregate period of 18 months by creditable coverage that was in effect up to a date not more than 63 days before the effective date of the individual coverage, excluding any waiting period [~~+~~and

[~~(2)~~ whose most recent creditable coverage was under:

[~~(A)~~ a group health plan,

[~~(B)~~ a governmental plan, or

[~~(C)~~ a church plan].

SECTION 2. Section 1506.153, Insurance Code, as amended by Chapters 728 and 824, Acts of the 79th Legislature, Regular Session, 2005, is amended to read as follows:

Sec. 1506.153. INELIGIBILITY FOR COVERAGE. (a) Notwithstanding Sections 1506.152(a)-(c) [~~1506.152(a)-(d)~~], an individual is not eligible for coverage from the pool if:

(1) on the date pool coverage is to take effect, the individual has health benefit plan coverage from a health benefit

1 plan issuer or health benefit arrangement in effect, except as
2 provided by Section 1506.152(a)(3)(E);

3 (2) at the time the individual applies to the pool,
4 except as provided in Subsection (b), the individual is eligible
5 for other health care benefits, including benefits from the
6 continuation of coverage under Title X, Consolidated Omnibus Budget
7 Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.), as
8 amended (COBRA), other than:

9 (A) coverage, including COBRA or other
10 continuation coverage or conversion coverage, maintained for any
11 preexisting condition waiting period under a pool policy;

12 (B) employer group coverage conditioned by a
13 limitation of the kind described by Section 1506.152(a)(3)(A) or
14 (C); or

15 (C) individual coverage conditioned by a
16 limitation described by Section 1506.152(a)(3)(C) or (D);

17 (3) within 12 months before the date the individual
18 applies to the pool, the individual terminated coverage in the
19 pool, unless the individual demonstrates a good faith reason for
20 the termination;

21 (4) the individual is confined in a county jail or
22 imprisoned in a state [~~or federal~~] prison;

23 (5) any of the individual's premiums are paid for or
24 reimbursed under a government-sponsored program or by a government
25 agency or health care provider, other than as an otherwise
26 qualifying full-time employee of a government agency or health care
27 provider or as a dependent of such an employee;

1 (6) the individual's prior coverage with the pool was
2 terminated:

3 (A) during the 12-month period preceding the date
4 of application for nonpayment of premiums; or

5 (B) for fraud; or

6 (7) the individual is eligible for health benefit plan
7 coverage provided in connection with a policy, plan, or program
8 paid for or sponsored by an employer, even though the employer
9 coverage is declined. This Paragraph (7) does not apply to an
10 individual who is a part-time employee eligible to participate in
11 an employer plan which provides health benefit coverage:

12 (A) which is more limited or restricted than
13 coverage with the pool; and

14 (B) for which there is no employer contribution
15 to the premium, either directly or indirectly.

16 (b) An individual eligible for benefits from the
17 continuation of coverage under Title X, Consolidated Omnibus Budget
18 Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.), as
19 amended (COBRA), who did not elect continuation of coverage during
20 the election period, is eligible for pool coverage; provided,
21 however, that such eligibility is subject to a 180-day exclusion of
22 coverage pursuant to Section 1506.155(a-1).

23 SECTION 3. Section 1506.155, Insurance Code, is amended by
24 adding Subsection (a-1) to read as follows:

25 (a-1) Except as provided by Section 1506.056, pool coverage
26 for an individual eligible pursuant to Section 1506.153(b) excludes
27 charges or expenses incurred before the expiration of 180 days from

1 the effective date of coverage with regard to any condition for
2 which:

3 (1) the existence of symptoms would cause an
4 ordinarily prudent person to seek diagnosis, care, or treatment
5 within the six-month period preceding the effective date of
6 coverage; or

7 (2) medical advice, care, or treatment was recommended
8 or received during the six-month period preceding the effective
9 date of coverage.

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

ADOPTED

MAY 18 2007

Atay Shaw
Secretary of the Senate

By: Smith

H.B. No. 2548

Substitute the following for ___B. No. _____:

By: Jackson

C.S. ___B. No. _____

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[~~(1)~~] who was continuously covered for an aggregate period of 18 months by creditable coverage that was in effect up to a date not more than 63 days before the effective date of the individual coverage, excluding any waiting period [~~+~~and

~~[(2) whose most recent creditable coverage was under:~~

~~[(A) a group health plan,~~

~~[(B) a governmental plan, or~~

~~[(C) a church plan].~~

SECTION 2. Section 1506.153, Insurance Code, as amended by Chapters 728 and 824, Acts of the 79th Legislature, Regular Session, 2005, is amended to read as follows:

Sec. 1506.153. INELIGIBILITY FOR COVERAGE. (a) Notwithstanding Sections 1506.152(a)-(c) [~~1506.152(a)-(d)~~], an individual is not eligible for coverage from the pool if:

(1) on the date pool coverage is to take effect, the individual has health benefit plan coverage from a health benefit

1 plan issuer or health benefit arrangement in effect, except as
2 provided by Section 1506.152(a)(3)(E);

3 (2) at the time the individual applies to the pool,
4 except as provided in Subsection (b), the individual is eligible
5 for other health care benefits, including benefits from the
6 continuation of coverage under Title X, Consolidated Omnibus Budget
7 Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.), as
8 amended (COBRA), other than:

9 (A) coverage, including COBRA or other
10 continuation coverage or conversion coverage, maintained for any
11 preexisting condition waiting period under a pool policy;

12 (B) employer group coverage conditioned by a
13 limitation of the kind described by Section 1506.152(a)(3)(A) or
14 (C); or

15 (C) individual coverage conditioned by a
16 limitation described by Section 1506.152(a)(3)(C) or (D);

17 (3) within 12 months before the date the individual
18 applies to the pool, the individual terminated coverage in the
19 pool, unless the individual demonstrates a good faith reason for
20 the termination;

21 (4) the individual is confined in a county jail or
22 imprisoned in a state or federal prison;

23 (5) any of the individual's premiums are paid for or
24 reimbursed under a government-sponsored program or by a government
25 agency or health care provider, other than as an otherwise
26 qualifying full-time employee of a government agency or health care
27 provider or as a dependent of such an employee;

1 (6) the individual's prior coverage with the pool was
2 terminated:

3 (A) during the 12-month period preceding the date
4 of application for nonpayment of premiums; or

5 (B) for fraud; or

6 (7) the individual is eligible for health benefit plan
7 coverage provided in connection with a policy, plan, or program
8 paid for or sponsored by an employer, even though the employer
9 coverage is declined. This subdivision does not apply to an
10 individual who is a part-time employee eligible to participate in
11 an employer plan that provides health benefit coverage:

12 (A) that is more limited or restricted than
13 coverage with the pool; and

14 (B) for which there is no employer contribution
15 to the premium, either directly or indirectly.

16 (b) An individual eligible for benefits from the
17 continuation of coverage under Title X, Consolidated Omnibus Budget
18 Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.), as
19 amended (COBRA), who did not elect continuation of coverage during
20 the election period, or whose elected continuation of coverage
21 lapsed or was cancelled without reinstatement, is eligible for pool
22 coverage. Eligibility under this subsection is subject to a
23 180-day exclusion of coverage under Section 1506.155(a-1).

24 SECTION 3. Section 1506.155, Insurance Code, is amended by
25 adding Subsection (a-1) to read as follows:

26 (a-1) Except as provided by Section 1506.056, pool coverage
27 for an individual eligible pursuant to Section 1506.153(b) excludes

1 charges or expenses incurred before the expiration of 180 days from
2 the effective date of coverage with regard to any condition for
3 which:

4 (1) the existence of symptoms would cause an
5 ordinarily prudent person to seek diagnosis, care, or treatment
6 within the six-month period preceding the effective date of
7 coverage; or

8 (2) medical advice, care, or treatment was recommended
9 or received during the six-month period preceding the effective
10 date of coverage.

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 15, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2548 by Smith, Todd (Relating to coverage limitations in health benefit plans.),
Committee Report 2nd House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to coverage limitations in health benefit plans.

Based on the analysis the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of \$6,400 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result in 64 filings, each accompanied by a \$100 filing fee. Since General Revenue Dedicated Account Fund 36 is a self-leveling account, this analysis assumes all revenue generated would go toward fund balances or the maintenance tax would be set to recover a lower level of revenue the following year. It is also assumed that any costs realized by TDI from implementing the provisions of the bill could be absorbed within existing resources.

The bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JOB, KJG, JRO, MW, SK

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 11, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2548 by Smith, Todd (Relating to coverage limitations in health benefit plans.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to coverage limitations in health benefit plans.

Based on the analysis the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of \$6,400 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result in 64 filings, each accompanied by a \$100 filing fee. Since General Revenue Dedicated Account Fund 36 is a self-leveling account, this analysis assumes all revenue generated would go toward fund balances or the maintenance tax would be set to recover a lower level of revenue the following year. It is also assumed that any costs realized by TDI from implementing the provisions of the bill could be absorbed within existing resources.

The bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: JOB, KJG, JRO, MW, SK

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 20, 2007

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB2548** by Smith, Todd (Relating to coverage limitations in health benefit plans.), As
Introduced

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to coverage limitations in health benefit plans.

Based on the analysis the Texas Department of Insurance (TDI), it is assumed that there would be a one-time revenue gain of \$6,400 in the General Revenue Dedicated Account Fund 36 in fiscal year 2008 because the bill would result in 64 filings, each accompanied by a \$100 filing fee. Since General Revenue Dedicated Account Fund 36 is a self-leveling account, this analysis assumes all revenue generated would go toward fund balances or the maintenance tax would be set to recover a lower level of revenue the following year. It is also assumed that any costs realized by TDI from implementing the provisions of the bill could be absorbed within existing resources.

The bill would take effect September 1, 2007.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

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