

Amend CSSB 1007 (Senate committee report) by inserting the following appropriately numbered SECTIONS and renumbering subsequent SECTIONS of the bill appropriately:

SECTION \_\_\_\_\_. Subchapter B, Chapter 541, Insurance Code, is amended by adding Section 541.062 to read as follows:

Sec. 541.062. BAD FAITH CANCELLATION OR RESCISSION. It is an unfair method of competition or an unfair or deceptive act or practice for a health benefit plan issuer to:

(1) set cancellation or rescission goals, quotas, or targets;

(2) pay compensation of any kind, including a bonus or award, that varies according to the number of cancellations or rescissions;

(3) set, as a condition of employment, a number or volume of cancellations or rescissions to be achieved; or

(4) set a performance standard, for employees or by contract with another entity, based on the number or volume of cancellations or rescissions.

SECTION \_\_\_\_\_. Chapter 1202, Insurance Code, is amended by adding Subchapter C to read as follows:

SUBCHAPTER C. NOTICE REQUIRED FOR CERTAIN CANCELLATION OR RESCISSION DECISIONS

Sec. 1202.101. APPLICABILITY. (a) This subchapter applies only to a health benefit plan, including a small or large employer health benefit plan written under Chapter 1501, that provides benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness, including an individual, group, blanket, or franchise insurance policy or insurance agreement, a group hospital service contract, or an individual or group evidence of coverage or similar coverage document that is offered by:

(1) an insurance company;

(2) a group hospital service corporation operating under Chapter 842;

(3) a fraternal benefit society operating under Chapter 885;

(4) a stipulated premium company operating under

Chapter 884;

(5) a reciprocal exchange operating under Chapter 942;

(6) a Lloyd's plan operating under Chapter 941;

(7) a health maintenance organization operating under Chapter 843;

(8) a multiple employer welfare arrangement that holds a certificate of authority under Chapter 846; or

(9) an approved nonprofit health corporation that holds a certificate of authority under Chapter 844.

(b) This subchapter does not apply to:

(1) a health benefit plan that provides coverage:

(A) only for a specified disease or for another limited benefit other than an accident policy;

(B) only for accidental death or dismemberment;

(C) for wages or payments in lieu of wages for a period during which an employee is absent from work because of sickness or injury;

(D) as a supplement to a liability insurance policy;

(E) for credit insurance;

(F) only for dental or vision care;

(G) only for hospital expenses; or

(H) only for indemnity for hospital confinement;

(2) a Medicare supplemental policy as defined by Section 1882(g)(1), Social Security Act (42 U.S.C. Section 1395ss), as amended;

(3) a workers' compensation insurance policy;

(4) medical payment insurance coverage provided under a motor vehicle insurance policy; or

(5) a long-term care insurance policy, including a nursing home fixed indemnity policy, unless the commissioner determines that the policy provides benefit coverage so comprehensive that the policy is a health benefit plan described by Subsection (a).

Sec. 1202.102. NOTICE OF INTENT TO CANCEL OR RESCIND. (a) A health benefit plan issuer may not cancel or rescind a health benefit plan on the basis of a misrepresentation or a preexisting

condition without first notifying an affected individual in writing sixty days before the issuer's intent to cancel or rescind the health benefit plan.

(b) The notice required under Subsection (a) must include, as applicable:

(1) the principal reasons for the decision to cancel or rescind the health benefit plan;

(2) the clinical basis for a determination that a preexisting condition exists;

(3) a description of any general screening criteria used to evaluate issued health benefit plans and determine eligibility for a decision to cancel or rescind;

(4) notice that the individual may file a complaint with the department if the individual believes the cancellation or rescission is inappropriate.

Sec. 1202.103. RULES. The commissioner shall adopt rules to implement and administer this subchapter.