

BILL ANALYSIS

C.S.H.B. 1932
By: Thompson
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In an initiative to help consumers shop for health insurance, research by the California HealthCare Foundation found that consumers want standardized, complete, and trustworthy information for comparison purposes. The foundation introduced the concept of standardized health insurance information presented in a “nutrition label” format, which allows for easy comparison and permits consumers to narrow their selections.

As more employers find health insurance too expensive to offer and employees find it too expensive to purchase such insurance through their employer, it is important to provide consumers with the tools they need to make the purchase of their health insurance easier.

C.S.H.B. 1932 requires certain written communications provided by a health benefit plan issuer to a plan enrollee or policyholder to include an insurance facts label.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 1932 amends the Insurance Code to require the following written communications that a health benefit plan issuer provides to an enrollee to contain an insurance facts label: a document used by the issuer to advertise a health benefit plan or the health benefit plan issuer; a written communication, other than an explanation of benefits, from the issuer to an enrollee; and a written communication from the issuer to a potential enrollee or policyholder. The bill requires the following communications, if made for the purposes of advertising a health benefit plan, to include the phrase "Check our label at:" followed by the Internet web page address where a health benefit plan issuer's insurance facts label can be viewed: a television or radio advertisement, a billboard advertisement, an advertisement published or posted on the Internet, and any non-written media not otherwise described in those provisions. The bill sets out requirements for the general format of the label, including the required headings and subheadings. The bill sets forth the legislature's purpose and findings relating to the bill and makes the bill's provisions applicable to any health benefit plan 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 that is offered by specified types of insurance providers; or any health benefit plan that provides health and accident coverage through a risk pool under the Local Government Code. The bill clarifies that its provisions are not applicable to a health maintenance organization or exclusive provider organization that provides managed care services under the Medicaid managed care program or managed care or exclusive providers services under the child health plan for certain low-income children and health benefits for certain children.

C.S.H.B. 1932 authorizes the commissioner of insurance to require differing titles, headings, and subheadings as may be otherwise required by these provisions as necessary to prevent confusion between insurance and noninsurance products and to adopt rules as necessary to implement and administer these provisions. The bill requires the commissioner to adopt rules regulating the use of insurance and noninsurance terms in the insurance facts label to prevent confusion in the marketplace between insurance and noninsurance products, the manner in which a health benefit plan may use space available in the label box after disclosure of the consumer information required by these provisions, allowable disclaimers that may appear in a separate section at the bottom of an insurance facts label box below all headings and subheadings on the label, and the format for a label containing information about multiple health benefit plans for an advertisement or communication that promotes or relates to multiple plans or promotes or relates to a health benefit plan issuer that issues multiple plans. The bill establishes that a violation of these provisions is an unfair and deceptive act or practice in the business of insurance under state insurance laws and authorizes the Texas Department of Insurance to examine records and investigate to determine whether a violation of the bill's provisions has occurred. The bill provides that all procedures, settlements, sanctions, and penalties relating to unfair methods of competition and unfair or deceptive acts or practices in the business of insurance are available under these provisions.

C.S.H.B. 1932 defines "covered days for inpatient mental health," "direct losses incurred," "direct losses paid," "direct premiums earned," "enrollee," and "insurance facts label." The bill also provides definitions for the terms used in the required headings and subheadings in the insurance facts label.

C.S.H.B. 1932 requires the commissioner, as soon as practicable but not later than October 31, 2009, to prepare an exemplar of an insurance facts label to aid compliance with these provisions and publish an Internet web page to explain the insurance facts label to consumers.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1932 adds a definition not in the original for "covered days for inpatient mental health." The substitute adds a provision not in the original to establish that the bill's provisions are not applicable to a health maintenance organization or exclusive provider organization that provides managed care services under the Medicaid managed care program or managed care or exclusive provider services under the child health plan for certain low-income children and health benefits for certain children.

C.S.H.B. 1932 differs from the original by including a document used by a health benefit plan issuer to advertise the issuer and a written communication from an issuer to a policyholder in the written communications required to contain an insurance facts label. The substitute differs from the original by specifying that an insurance facts label is required to be written in black text and that the location of certain information on such a label is as permitted by the commissioner by rule.

C.S.H.B. 1932 differs from the original by revising certain headings format requirements, redefining "percent of out-of-network expense paid by plan," and omitting the heading and definition for "Benefit Levels." The substitute differs from the original by omitting the requirement that an examination and investigation take place before a violation be included under the heading "Justified Complaints." The substitute differs from the original by omitting the subheadings "Number of Justified Complaints" and "Monthly Premium" from provisions regarding required subheadings and format.

C.S.H.B. 1932 adds language not in the original to clarify that commission rules regulate allowable disclaimers that may appear in a separate section at the bottom of an insurance facts label box and the format for a label containing information about multiple health benefit plans for an advertisement or communication that promotes or relates to multiple plans or promotes or relates to a health benefit plan issuer that issues multiple plans.

C.S.H.B. 1932 adds a provision not in the original requiring the commissioner, as soon as practicable but not later than October 31, 2009, to prepare an exemplar of an insurance facts label to aid compliance with the bill's provisions and to publish an Internet web page to explain the insurance facts label to consumers.