

BILL ANALYSIS

C.S.H.B. 4410
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law requires health benefit plans to provide coverage for specific health care services. These laws typically do not apply to certain types of health insurance products, such as dental and vision plans, accident-only plans, limited benefit plans, and other supplemental policies.

However, supplemental or limited benefit policies do not reimburse for medical services. These policies provide a cash payment directly to the policyholder in the event of a specific illness or diagnosis. Unlike major medical health insurance policies or health maintenance organization coverage, supplemental policies provide limited benefits for a very low premium cost, therefore, applying a mandated benefit to a supplemental policy would disproportionately increase the cost of the policy in relation to the supplemental benefits provided. These premium increases would unnecessarily jeopardize the viability of low premium supplemental policies and would cause the insured to receive duplicate benefits for the same service they receive under their major medical or hospitalization coverage.

C.S.H.B. 4410 exempts certain types of limited health benefit coverages from provisions relating to benefits payable under health coverages that become effective on or after January 2, 2010, and establishes that a long-term care insurance policy, including a nursing home fixed indemnity policy, is subject to such provisions if the commissioner of insurance determines that the policy provides benefits so comprehensive that it is a health benefit plan and should not be subject to the exemption.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 4410 amends the Insurance Code to exempt the following from the applicability of provisions relating to benefits payable under health coverages that become effective on or after January 2, 2010:

- a plan that provides coverage only for a specified disease or diseases or under an individual limited benefit policy, for accidental death or dismemberment, as a supplement to a liability insurance policy, or for dental or vision care;
- disability income insurance coverage or a combination of accident-only and disability income insurance coverage;
- credit insurance coverage;
- a hospital confinement indemnity policy;
- a Medicare supplemental policy as defined under the Social Security Act;
- a workers' compensation insurance policy;
- medical payment insurance coverage provided under a motor vehicle insurance policy;

- a long-term care insurance policy, including a nursing home fixed indemnity policy, with certain exceptions; or
- an occupational accident policy.

C.S.H.B. 4410 establishes that a long-term care insurance policy, including a nursing home fixed indemnity policy, is subject to those provisions relating to benefits payable under health coverages if the commissioner of insurance determines that the policy provides benefits so comprehensive that it is a health benefit plan and should not be subject to the exemption provided under the provisions of this bill. The bill makes provisions relating to benefits payable under health coverages that become effective on or after January 2, 2010, and that require coverage or the offer of coverage of a health care service or benefit applicable to a plan or policy described above only to the extent expressly and specifically provided by law.

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. 4410 adds provisions not in the original exempting certain types of limited health benefit coverages from a provision relating to benefits payable under health coverages that become effective on or after January 2, 2010; establishing that a long-term care insurance policy, including a nursing home fixed indemnity policy, is subject to such provisions if the commissioner determines that the policy provides benefits so comprehensive that it is a health benefit plan and should not be subject to the exemption; and making provisions relating to benefits payable under health coverages that become effective on or after January 2, 2010, and that require coverage or the offer of coverage of a health care service or benefit applicable to a plan or policy described above only to the extent expressly and specifically provided by law.

C.S.H.B. 4410 removes a provision in the original specifying that "supplemental or limited coverage" does not include coverage that is mandated by federal law or standard provisions or rights required by state law to be provided in an evidence of coverage that are unrelated to a specific health illness, injury, or condition of an enrollee, including provisions related to continuation of group coverage for certain family members and dependents; the termination of coverage; coverage of preexisting conditions; coverage of children and students, including newborn or adopted children; services of providers; coverage for certain serious mental health illnesses and other disorders under a group health benefit plan; and coverage for certain cancer screenings. The substitute removes provisions in the original specifying that the provisions related to state-mandated health benefits do not apply to a supplemental or limited coverage health benefit plan and making the original's provisions applicable only to an insurance policy or contract or evidence of coverage that is delivered, issued for delivery, or renewed on or after January 1, 2010.

C.S.H.B. 4410 differs from the original by providing for immediate effect contingent on the bill receiving the necessary two-thirds vote in each house or September 1, 2009, whereas the original provides for a September 1, 2009, effective date.