

BILL ANALYSIS

Senate Research Center
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S.B. 815
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As more and more employers find insurance too expensive to offer and employees find insurance too expensive to purchase through their employer, it becomes important to provide consumers with the tools they need to make the purchase of their health insurance an easier task. Health care insurance coverage is one of the most important purchases Texans may make, yet basic information that permits comparison between products is difficult to find, if it is available at all.

As proposed, S.B. 815 requires the creation of an insurance facts label (label) to be included in certain communications. S.B. 815 sets forth standard definitions and a standard presentation of important health benefit plan information to be used on the label.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 (Section 541.508, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Sets forth legislative findings and the purpose of this Act.

SECTION 2. Amends Chapter 541, Insurance Code, by adding Subchapter K, as follows:

SUBCHAPTER K. REQUIRED LABELING FOR HEALTH BENEFIT PLANS

Sec. 541.501. DEFINITIONS. Defines "direct losses incurred," "direct losses paid," "direct premiums earned," "enrollee," and "insurance facts label."

Sec. 541.502. APPLICABILITY OF SUBCHAPTER. Provides that this subchapter applies to any health benefit plan (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 certain plan issuers or that provides health and accident coverage through a risk pool created under Chapter 172 (Texas Political Subdivisions Uniform Group Benefits Program), Local Government Code, notwithstanding Section 172.014 (Application of Certain Laws), Local Government Code, or any other law.

Sec. 541.503. INSURANCE FACTS LABEL REQUIRED; NOTICE OF LABEL REQUIRED. (a) Requires that certain written communications contain an insurance facts label (label).

(b) Requires that certain media communications, if made for the purpose of advertising a plan, include the phrase "Check our label at:" followed by the Internet website address where a plan issuer's label can be viewed.

Sec. 541.504. GENERAL FORMAT OF INSURANCE FACTS LABEL. (a) Requires that a label include a box outline that contains only white background.

(b) Sets forth certain requirements for a label.

(c) Requires that the phrase "Insurance Facts" appear in a widely used sans serif font that is no smaller than 13 point and be located inside and at the top of the box to fit the width of the label flush left and right.

(d) Requires that the plan name and the name of the company appear in a widely used sans serif font that is no smaller than 10 point and be located immediately below and separated by a seven-point rule from the phrase "Insurance Facts."

(e) Requires that any disclaimer or other information not otherwise required to appear at a specific location on the label by this subchapter appear in a widely used sans serif font that is no smaller than six point and located at the bottom of the label box.

Sec. 541.505. REQUIRED HEADINGS; FORMAT. (a) Requires that a label contain certain headings.

(b) Requires that the headings described by this section be flush left in the label box and appear in widely used sans serif font that is no smaller than eight point.

(c) Requires that "Monthly Premium" be the first heading and be located immediately below the plan and plan issuer name and be separated from all other headings by a three-point rule.

(d) Requires that a numeric value that corresponds to a heading appear flush right in a widely used sans serif font that is no smaller than eight point.

(e) Requires that any heading that is immediately followed by a disclaimer or information other than another heading or a subheading be separated from the disclaimer or other information by a seven-point rule.

(f) Requires that each heading be separated from another heading and any applicable subheadings by a one-quarter-point rule.

Sec. 541.506. REQUIRED HEADINGS; DEFINITIONS. Defines "Monthly Premium," "Percent of Expense Paid by Plan In-Network," "Percent of Expense Paid by Plan Out-of-Network," "Annual Out-of-Pocket Expense (est.)," "Your Total Annual Cost (est.)," "Justified Complaints," "Premium to Direct Patient Care Ratio," "Expected Profit," and "Benefit Levels."

Sec. 541.507. REQUIRED SUBHEADINGS; FORMAT. (a) Requires that subheadings under the "Benefit Levels" heading disclose the dollar value provided by the underlying certificate, policy, or contract, and sets forth the required order of the subheadings.

(b) Requires that each subheading required by this section be indented six points from the left and appear in a widely used sans serif font that is no smaller than eight point.

(c) Requires that a numeric value that corresponds to a subheading appear flush right in a widely used sans serif font that is no smaller than eight point.

(d) Requires that each subheading be separated from another subheading and the heading "Monthly Premium" by a one-quarter-point rule.

Sec. 541.508. RULES. (a) Authorizes the commissioner of insurance (commissioner) to require differing titles, headings, and subheadings as may otherwise be required by this subchapter as necessary to prevent confusion between insurance and noninsurance products and to adopt rules as necessary to implement and administer this subchapter.

(b) Requires the commissioner to adopt rules regulating the use of insurance and noninsurance terms in the label to prevent confusion in the marketplace between insurance and noninsurance products; the manner in which a plan may use space

available in the label box after disclosure of the consumer information required by this subchapter; allowable disclaimers below the headings and subheadings on the label; and the format for a label containing information about a multiple health benefit plan.

Sec. 541.509. REMEDIES AND ENFORCEMENT. (a) Provides that a violation of this subchapter is an unfair and deceptive act or practice in the business of insurance under this chapter.

(b) Authorizes the Texas Department of Insurance to examine records and investigate to determine whether a violation of this subchapter has occurred.

(c) Provides that all procedures, settlements, sanctions, and penalties provided under Subchapters C (Determination of Unfair Methods of Competition and Unfair or Deceptive Acts or Practices; Sanctions and Penalties), E (Enforcement by Attorney General), G (Department Action for Refund of Premiums), and H (Assurance of Voluntary Compliance) are available under this subchapter.

SECTION 3. Effective date: upon passage or September 1, 2009.