

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 815
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Committee Report (Substituted)

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.

C.S.S.B. 815 amends current law relating to consumer labeling requirements for certain health benefit plans; providing penalties. C.S.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 1 (Sections 541.504 and 541.508, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 541, Insurance Code, by adding Subchapter K, as follows:

SUBCHAPTER K. REQUIRED LABELING FOR HEALTH BENEFIT PLANS

Sec. 541.501. DEFINITIONS. Defines "enrollee," "insurance facts label," and "covered days for inpatient mental health."

Sec. 541.502. APPLICABILITY OF SUBCHAPTER. (a) 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 small employer health benefit plan under Chapter 1501 (Health Insurance Portability and Availability Act), a group hospital service contract, or an individual or group evidence of coverage that is offered by certain plan issuers.

(b) Provides that this subchapter does not apply to the child health plan program under Chapter 62 (Child Health Plan for Certain Low-Income Children), Health and Safety Code, or the health benefits plan for children under Chapter 63 (Health Benefits Plan for Certain Children), Health and Safety Code; a Medicaid managed care program operated under Chapter 533 (Implementation of Medicaid Managed Care Program), Government Code, or a Medicaid program operated under Chapter 32 (Medical Assistance Program), Human Resources Code; a multiple employer welfare arrangement that holds a certificate of authority under Chapter 846 (Multiple Employer Welfare Arrangements); or a large employer health benefit plan as defined under Section 1501.002 (Definitions).

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

(b) Requires that an insurance facts label be provided to an individual on the individual's oral or written request.

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

(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 as the commissioner of insurance (commissioner) permits by rule.

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

(f) Requires that "Benefit Levels" be the last heading, when headings are listed top to bottom, and appear immediately before the required subheadings. Provides that there is no value for the "Benefit Levels" heading.

Sec. 541.506. REQUIRED HEADINGS; DEFINITIONS. Defines "Monthly Premium (Avg.)" and "Percent of Expense Paid by Insurance (est.)."

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 or heading by a one-quarter-point rule.

Sec. 541.508. RULES. (a) Authorizes the 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, adopt rules to resolve legibility and format issues, and to adopt any other 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 that may appear in a separate section at the bottom of an insurance facts label box below all headings and subheadings on the label; the format for a label containing information about multiple health benefit plans for a document that presents or promotes multiple benefit plans; and the composition and computation of the estimates required in the insurance facts label.

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

SECTION 2. Requires the commissioner, as soon as practicable, but not later than October 31, 2009, to prepare a sample of an insurance facts label that complies with Subchapter K, Chapter 541, Insurance Code, as added by this Act, and create an Internet web page that explains the insurance facts label to consumers.

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