

AN ACT

relating to premium discounts for certain participants in the Texas Health Insurance Risk Pool and to funding for those discounts through certain penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 843.342, Insurance Code, is amended by adding Subsections (m) and (n) to read as follows:

(m) Notwithstanding any other provision of this section, this subsection governs the payment of a penalty under this section. For a penalty under this section relating to a clean claim submitted by a physician or provider other than an institutional provider, the health maintenance organization shall pay the entire penalty to the physician or provider, except for any interest computed under Subsection (c), which shall be paid to the Texas Health Insurance Risk Pool. For a penalty under this section relating to a clean claim submitted by an institutional provider, the health maintenance organization shall pay 50 percent of the total penalty amount computed under this section, including interest, to the institutional provider and the remaining 50 percent of that amount to the Texas Health Insurance Risk Pool.

(n) In this section, "institutional provider" means a hospital or other medical or health-related service facility that provides care for the sick or injured or other care that may be covered in an evidence of coverage.

1 SECTION 2. Section 1301.137, Insurance Code, is amended by  
2 adding Subsection (1) to read as follows:

3 (1) Notwithstanding any other provision of this section,  
4 this subsection governs the payment of a penalty under this  
5 section. For a penalty under this section relating to a clean claim  
6 submitted by a preferred provider other than an institutional  
7 provider, the insurer shall pay the entire penalty to the preferred  
8 provider, except for any interest computed under Subsection (c),  
9 which shall be paid to the Texas Health Insurance Risk Pool. For a  
10 penalty under this section relating to a clean claim submitted by an  
11 institutional provider, the insurer shall pay 50 percent of the  
12 penalty amount computed under this section, including interest, to  
13 the institutional provider and the remaining 50 percent of that  
14 amount to the Texas Health Insurance Risk Pool.

15 SECTION 3. Section 1506.105, Insurance Code, is amended by  
16 amending Subsection (e) and adding Subsection (e-1) to read as  
17 follows:

18 (e) Premium rates shall be established to provide fully for  
19 all of the expected costs of claims, including recovery of prior  
20 losses, expenses of operation, investment income from claim  
21 reserves, and any other cost factors, subject to the limitations  
22 [~~limitation~~] described in this subsection and Subsection (e-1). In  
23 no event may pool premium rates exceed 200 percent of the standard  
24 risk rate described by Subsection (d) [~~rates applicable to~~  
25 ~~individual standard risks~~].

26 (e-1) Subject to the availability of funds under Section  
27 1506.260, discounted premiums shall be offered on a sliding scale,

1 based on financial need, as follows:

2 (1) for an individual whose household income is below  
3 200 percent of the federal poverty measure, determined under the  
4 United States Department of Health and Human Services poverty  
5 guidelines in effect at the time coverage is provided, premium  
6 rates shall equal the standard risk rate described by Subsection  
7 (d); and

8 (2) for an individual whose household income is at or  
9 below 300 percent, but not less than 200 percent, of the federal  
10 poverty measure, determined under the United States Department of  
11 Health and Human Services poverty guidelines in effect at the time  
12 coverage is provided, premium rates shall equal 140 percent of the  
13 standard risk rate described by Subsection (d).

14 SECTION 4. Subchapter F, Chapter 1506, Insurance Code, is  
15 amended by adding Section 1506.260 to read as follows:

16 Sec. 1506.260. FUNDING FOR PREMIUM DISCOUNTS. The board  
17 shall collect penalty payments and interest paid by health  
18 maintenance organizations as provided by Section 843.342 and  
19 insurers as provided by Section 1301.137. The board may use funds  
20 collected under this section only to finance premium discounts  
21 under Section 1506.105(e-1). The board may require a health  
22 maintenance organization or an insurer to make payments under this  
23 section and make reports concerning those payments in a manner  
24 determined by the board.

25 SECTION 5. (a) Sections 843.342 and 1301.137, Insurance  
26 Code, as amended by this Act, apply only to a penalty or interest on  
27 a penalty owed with respect to a clean claim paid on or after the

1 effective date of this Act. A penalty or interest on a penalty owed  
2 with respect to a clean claim paid before the effective date of this  
3 Act is governed by the law in effect immediately before that date,  
4 and that law is continued in effect for that purpose.

5 (b) This Act applies only to premium rates for coverage  
6 through the Texas Health Insurance Risk Pool under Chapter 1506,  
7 Insurance Code, as amended by this Act, that is in effect on or  
8 after January 1, 2011. Premium rates for coverage in effect before  
9 January 1, 2011, are governed by the law in effect immediately  
10 before the effective date of this Act, and the former law is  
11 continued in effect for that purpose.

12 SECTION 6. This Act takes effect January 1, 2010.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 2064 was passed by the House on April 8, 2009, by the following vote: Yeas 145, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2064 on May 18, 2009, by the following vote: Yeas 141, Nays 0, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 2064 was passed by the Senate, with amendments, on May 12, 2009, by the following vote: Yeas 30, Nays 1.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor