

By: Rose

H.B. No. 3264

Substitute the following for H.B. No. 3264:

By: Isett

C.S.H.B. No. 3264

A BILL TO BE ENTITLED

1 AN ACT

2 relating to notifying certain persons of the medical loss ratios of
3 health benefit plan issuers.

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

5 SECTION 1. Subtitle A, Title 8, Insurance Code, is amended
6 by adding Chapter 1223 to read as follows:

7 CHAPTER 1223. MEDICAL LOSS RATIO AND HEALTH BENEFIT PLAN PREMIUMS

8 Sec. 1223.001. DEFINITIONS. In this chapter:

9 (1) "Administrative cost and tax ratio" means the
10 ratio of the dollar amount of health care related administrative
11 costs incurred and premium and maintenance taxes paid by a health
12 benefit plan issuer with regard to a market segment of health
13 benefit plans issued by the issuer to the revenue received in
14 premiums for that same market segment of health benefit plans.

15 (2) "Enrollee" has the meaning assigned by Section
16 1457.001.

17 (3) "Evidence of coverage" has the meaning assigned by
18 Section 843.002.

19 (4) "Market segment of health benefit plans" means, as
20 applicable, one of the following categories of health benefit plans
21 issued by a health benefit plan issuer:

22 (A) individual evidences of coverage issued by a
23 health maintenance organization;

24 (B) individual preferred provider benefit plans;

1 (C) evidences of coverage issued by a health
2 maintenance organization, each of which covers two or more
3 enrollees but fewer than 51 enrollees;

4 (D) preferred provider benefit plans, each of
5 which covers two or more enrollees but fewer than 51 enrollees;

6 (E) evidences of coverage issued by a health
7 maintenance organization, each of which covers 51 or more
8 enrollees; and

9 (F) preferred provider benefit plans, each of
10 which covers 51 or more enrollees.

11 (5) "Medical loss ratio" means the ratio of the dollar
12 amount of benefits paid by a health benefit plan issuer with regard
13 to a market segment of health benefit plans issued by the issuer to
14 the revenue received in premiums for that same market segment of
15 health benefit plans. The ratio may not include in the calculation
16 of the dollar amount of benefits paid under a health benefit plan
17 amounts included in the issuer's administrative cost and tax ratio
18 or other home office and overhead costs, advertising costs,
19 commissions and other acquisition costs, taxes, capital costs,
20 administrative costs, utilization review costs, or claims
21 processing costs.

22 (6) "Preferred provider benefit plan" has the meaning
23 assigned by Section 1301.001.

24 Sec. 1223.002. APPLICABILITY OF CHAPTER. (a) This chapter
25 applies to a health benefit plan issuer that provides benefits for
26 medical or surgical expenses incurred as a result of a health
27 condition, accident, or sickness through an individual group,

1 blanket, or franchise preferred provider benefit plan or an
2 individual or group evidence of coverage or similar coverage
3 document that is offered by:

4 (1) an insurance company;

5 (2) a group hospital service corporation operating
6 under Chapter 842;

7 (3) a fraternal benefit society operating under
8 Chapter 885;

9 (4) a stipulated premium company operating under
10 Chapter 884;

11 (5) an exchange operating under Chapter 942;

12 (6) a health maintenance organization operating under
13 Chapter 843; or

14 (7) an approved nonprofit health corporation that
15 holds a certificate of authority under Chapter 844.

16 (b) Notwithstanding any provision in Chapter 1551, 1575,
17 1579, or 1601 or any other law, this chapter applies to a health
18 benefit plan issuer with respect to:

19 (1) a basic coverage plan under Chapter 1551;

20 (2) a basic plan under Chapter 1575;

21 (3) a primary care coverage plan under Chapter 1579;

22 and

23 (4) basic coverage under Chapter 1601.

24 (c) Notwithstanding any other law, this chapter applies to a
25 health benefit plan issuer with respect to a standard health
26 benefit plan provided under Chapter 1507.

27 (d) Notwithstanding Section 1501.251 or any other law, this

1 chapter applies to a health benefit plan issuer with respect to
2 coverage under a small employer health benefit plan subject to
3 Chapter 1501.

4 Sec. 1223.003. EXCEPTION. This chapter does not apply with
5 respect to:

6 (1) a plan that provides coverage:

7 (A) for wages or payments in lieu of wages for a
8 period during which an employee is absent from work because of
9 sickness or injury;

10 (B) as a supplement to a liability insurance
11 policy;

12 (C) for credit insurance;

13 (D) only for dental or vision care;

14 (E) only for hospital expenses;

15 (F) only for a specified disease or condition; or

16 (G) only for indemnity for hospital confinement;

17 (2) a Medicare supplemental policy as defined by
18 Section 1882(g)(1), Social Security Act (42 U.S.C. Section 1395ss);

19 (3) a workers' compensation insurance policy;

20 (4) medical payment insurance coverage provided under
21 a motor vehicle insurance policy; or

22 (5) a multiple employer welfare arrangement that holds
23 a certificate of authority under Chapter 842.

24 Sec. 1223.004. NOTIFICATION OF MEDICAL LOSS RATIO. (a) A
25 health benefit plan issuer shall annually report to the department
26 the issuer's medical loss ratio for each market segment of health
27 benefit plans written by the health benefit plan issuer in the

1 previous calendar year.

2 (b) The department shall post on the department's Internet
3 website or another website maintained by the department for the
4 benefit of consumers or enrollees:

5 (1) the information received under Subsection (a) and,
6 if applicable, the information received under Section 1223.005; and

7 (2) an explanation of the meaning of the terms
8 "medical loss ratio" and "administrative cost and tax ratio," how
9 those ratios are calculated, and how those ratios may affect
10 consumers or enrollees.

11 (c) A health benefit plan issuer shall provide each enrollee
12 or the plan sponsor, as applicable, with the Internet website
13 address at which the enrollee or sponsor may access the information
14 described by Subsection (b). A health benefit plan issuer must
15 provide the information required under this subsection:

16 (1) to an enrollee, at the time of the initial
17 enrollment of the enrollee in a health benefit plan issued by the
18 health benefit plan issuer; and

19 (2) at the time of renewal of a health benefit plan to:

20 (A) each enrollee, if the health benefit plan is
21 an individual health benefit plan; or

22 (B) the plan sponsor, if the health benefit plan
23 is a group health benefit plan.

24 (d) The commissioner shall adopt rules necessary to
25 implement this section.

26 Sec. 1223.005. NOTIFICATION OF ADMINISTRATIVE COST AND TAX
27 RATIO. (a) A health benefit plan issuer may report the issuer's

1 administrative cost and tax ratio for each market segment of health
2 benefit plans issued by the health benefit plan issuer to the
3 department at the same time the issuer reports the issuer's medical
4 loss ratio to the department under Section 1223.004(a).

5 (b) An administrative cost and tax ratio reported under this
6 section must cover the same period that is covered by the medical
7 loss ratio with which the administrative cost and tax ratio is
8 reported.

9 (c) The commissioner shall adopt rules to implement this
10 section.

11 SECTION 2. The change in law made by this Act applies only
12 to a health benefit plan that is delivered, issued for delivery, or
13 renewed on or after January 1, 2010. A health benefit plan that is
14 delivered, issued for delivery, or renewed before January 1, 2010,
15 is covered by the law in effect at the time the health benefit plan
16 was delivered, issued for delivery, or renewed, and that law is
17 continued in effect for that purpose.

18 SECTION 3. This Act takes effect September 1, 2009.