

By: Rose

H.B. No. 3264

A BILL TO BE ENTITLED

AN ACT

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

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

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

CHAPTER 1223. MEDICAL LOSS RATIO AND HEALTH BENEFIT PLAN PREMIUMS

Sec. 1223.001. DEFINITION. In this chapter, "medical loss ratio" means the ratio of the dollar amount of benefits paid by a health benefit plan issuer under a health benefit plan to the revenue received in premiums for that same health benefit plan. The ratio may not include home office and overhead costs, advertising costs, commissions and other acquisition costs, taxes, capital costs, administrative costs, utilization review costs, or claims processing costs in the calculation of the dollar amount of benefits paid under a health benefit plan.

Sec. 1223.002. APPLICABILITY OF CHAPTER. (a) This chapter applies to a health benefit plan issuer 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 or similar coverage document that is offered by:

(1) an insurance company;

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

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

5 (4) a stipulated premium company operating under
6 Chapter 884;

7 (5) an exchange operating under Chapter 942;

8 (6) a health maintenance organization operating under
9 Chapter 843;

10 (7) a multiple employer welfare arrangement that holds
11 a certificate of authority under Chapter 846; or

12 (8) an approved nonprofit health corporation that
13 holds a certificate of authority under Chapter 844.

14 (b) Notwithstanding any provision in Chapter 1551, 1575,
15 1579, or 1601 or any other law, this chapter applies to a health
16 benefit plan issuer with respect to:

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

18 (2) a basic plan under Chapter 1575;

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

20 and

21 (4) basic coverage under Chapter 1601.

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

25 (d) Notwithstanding Section 1501.251 or any other law, this
26 chapter applies to a health benefit plan issuer with respect to
27 coverage under a small employer health benefit plan subject to

1 Chapter 1501.

2 Sec. 1223.003. EXCEPTION. This chapter does not apply with
3 respect to:

4 (1) a plan that provides coverage:

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

8 (B) as a supplement to a liability insurance
9 policy;

10 (C) for credit insurance;

11 (D) only for dental or vision care;

12 (E) only for hospital expenses; or

13 (F) only for indemnity for hospital confinement;

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

16 (3) a workers' compensation insurance policy; or

17 (4) medical payment insurance coverage provided under
18 a motor vehicle insurance policy.

19 Sec. 1223.004. NOTIFICATION OF MEDICAL LOSS RATIO. (a) A
20 health benefit plan issuer shall notify a potential enrollee in
21 writing of the issuer's medical loss ratio for that same type of
22 health benefit plan for the one-year period immediately preceding
23 the date of an application for coverage under a health benefit plan.

24 (b) At the time of renewal of a health benefit plan, a health
25 benefit plan issuer shall notify each enrollee in writing of the
26 issuer's medical loss ratio for that same health benefit plan for
27 the policy period immediately preceding the policy period that ends

1 on the date of renewal.

2 (c) On the written request of an enrollee, a health benefit
3 plan issuer shall provide the enrollee with the most recent medical
4 loss ratio information concerning the health benefit plan by which
5 the enrollee is covered.

6 (d) The commissioner shall adopt rules necessary to
7 implement this section.

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

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