By: Deuell, Davis S.B. No. 485

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COMMITTEE SUBSTITUTE FOR S.B. No. 485 By: Deuell

A BILL TO BE ENTITLED
AN ACT

relating to medical loss ratios of preferred provider benefit plan issuers.

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

SECTION 1. Subchapter A, Chapter 1301, Insurance Code, is amended by adding Section 1301.010 to read as follows:

Sec. 1301.010. MEDICAL LOSS RATIO. (a) In this section, "medical loss ratio" means direct losses incurred and direct losses paid for all preferred provider benefit plans issued by an insurer, divided by direct premiums earned for all preferred provider benefit plans issued by that insurer. This amount may not include home office and overhead costs, advertising costs, network development costs, commissions and other acquisition costs, taxes, capital costs, administrative costs, utilization review costs, or claims processing costs.

(b) An insurer shall report the insurer's medical loss ratio annually or more often as required by the commissioner by rule or order.

(c) A medical loss ratio reported under this section is public information.

(d) The department shall include information on the medical loss ratio on the department's Internet website.

(e) An insurer shall report to the master policyholder or sponsor:

(1) the total dollar amount for health care claims paid under the preferred provider benefit plan for the nine months following the policy effective date or renewal date; and

(2) the total dollar amount of premiums paid by the master policyholder or the sponsor and insureds.

(f) The commissioner shall adopt rules as necessary to implement this section, including rules regarding:

(1) a specific, uniform definition of "medical loss ratio" for reporting and disclosure purposes;

(2) the frequency and form of reporting medical loss ratios;

(3) standardizing and regulating the frequency and form of reporting cost-containment expenses separate from the medical loss ratio; and

(4) any disclaimers or explanations that an insurer may include in the report required by Subsection (e).

SECTION 2. (a) Not later than January 1, 2010, the commissioner of insurance shall adopt all rules necessary to implement Section 1301.010, Insurance Code, as added by this Act. The first reporting period under Subsection (b), Section 1301.010, Insurance Code, as added by this Act, may not cover any period that begins before January 1, 2010.

(b) Subsection (e), Section 1301.010, Insurance Code, as added by this Act, applies only to a preferred provider benefit plan policy delivered, issued for delivery, or renewed on or after January 1, 2010. A policy delivered, issued for delivery, or renewed before that date is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

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

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