

House Bill 2064
Senate Amendments
Section-by-Section Analysis

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No equivalent provision.

SECTION __. 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.

No equivalent provision.

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

(l) 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

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clean claim submitted by a preferred provider other than an institutional provider, the insurer shall pay the entire penalty to the preferred 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 insurer shall pay 50 percent of the 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.

SECTION 1. Section 1506.105, Insurance Code, is amended by amending Subsection (e) and adding Subsections (e-1) and (e-2) to read as follows:

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

(e-1) Subject to Subsection (e-2), discounted premiums shall be offered on a sliding scale, based on financial need, as follows:

(1) for an individual whose household income is below

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

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

(e-1) Subject to the availability of funds under Section 1506.260, discounted premiums shall be offered on a sliding scale, based on financial need, as follows:

(1) for an individual whose household income is below

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

(e-2) The aggregate premium discount under Subsection (e-1), determined by subtracting the dollar amount of premiums collected under Subsection (e-1) from the dollar amount that would have been collected if a discount was not available under Subsection (e-1), may not exceed \$20 million in any two-year period, beginning with the two-year period that begins January 1, 2010, and ends December 31, 2011.

SECTION 2. Subchapter F, Chapter 1506, Insurance Code, is amended by adding Section 1506.260 to read as follows:

Sec. 1506.260. TAX CREDIT. (a) A health benefit plan issuer is entitled to a credit against the issuer's premium tax under Chapter 222 for premium discounts granted under Section 1506.105(e-1). Each issuer's share

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

No equivalent provision.

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of the premium discounts is based on the method described by Section 1506.253 as calculated by the pool.

(b) The tax credit applies to the premium tax due in the calendar year following the calendar year in which the assessment is paid. An unused credit may be carried over to apply to the premium tax due in the five consecutive calendar years that follow the calendar year in which the credit may first be applied.

(c) The balance of a tax credit not claimed in a particular calendar year may be reflected in the books and records of the issuer as an admitted asset of the issuer.

(d) Available credit against premium tax allowed under this section may be transferred or assigned among health benefit plan issuers if:

(1) a merger, acquisition, or total assumption of reinsurance among the issuers occurs; or

(2) the commissioner by order approves the transfer or assignment.

No equivalent provision.

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SECTION 2. Subchapter F, Chapter 1506, Insurance Code, is amended by adding Section 1506.260 to read as follows:

Sec. 1506.260. FUNDING FOR PREMIUM DISCOUNTS. The board shall collect penalty payments and interest paid by health maintenance organizations as provided by Section 843.342 and insurers as provided by Section 1301.137. The board may use funds collected under this section only to finance premium discounts

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under Section 1506.105(e-1). The board may require a health maintenance organization or an insurer to make payments under this section and make reports concerning those payments in a manner determined by the board.

SECTION 3.

(a) This Act applies only to premium rates for coverage through the Texas Health Insurance Risk Pool under Chapter 1506, Insurance Code, as amended by this Act, that is in effect on or after January 1, 2010. Premium rates for coverage in effect before January 1, 2010, are governed by the law in effect immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

(b) A health benefit plan issuer may apply a tax credit under Section 1506.260, Insurance Code, as added by this Act, beginning with the first premium tax payment that is due on or after January 1, 2012.

SECTION 4. This Act takes effect September 1, 2009.

SECTION 3. (a) Sections 843.342 and 1301.137, Insurance Code, as amended by this Act, apply only to a penalty or interest on a penalty owed with respect to a clean claim paid on or after the effective date of this Act. A penalty or interest on a penalty owed with respect to a clean claim paid before the effective date of this Act is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

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

SECTION 4. This Act takes effect January 1, 2010.