

BILL ANALYSIS

C.S.H.B. 1253
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A person living with a chronic illness often relies on prescription drugs to help manage the person's symptoms. Many prescription drugs do not yet have generic equivalents and are expensive. High out-of-pocket costs for prescription drugs have been shown to increase the risk of noncompliance with a doctor's recommendations, which increases the risk that an illness will worsen or that the course of improvement will be impeded. A person living on a fixed income is much more likely to have difficulty adjusting quickly or easily to an unexpected change to the medication costs.

Current law requires the issuer of a health benefit plan to notify the commissioner of insurance and each covered employer 60 days before the start of the enrollment period of any changes to the plan. However, the law does not require that an enrollee be given such notification, preventing the person from being able to plan for increases in out-of-pocket drug costs and increasing the likelihood that the person will not be able to continue the course of doctor-recommended treatment.

C.S.H.B. 1253 seeks to address this problem by requiring a health insurance plan issuer to notify enrollees 60 days before the effective date of a health benefit plan modification of drug coverage, including a modification of a drug formulary.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1253 amends the Insurance Code to establish provisions relating to modifications of drug coverage under a health benefit plan that are applicable to the following: a group health benefit plan to which provisions of law relating to coverage of prescription drugs specified by a drug formulary apply; an individual health benefit plan, as defined by provisions of law relating to previous denial of health benefit plan coverage; and a small employer health benefit plan written under the Health Insurance Portability and Availability Act.

C.S.H.B. 1253 authorizes a group or individual health benefit plan issuer to modify drug coverage provided under a health benefit plan if the modification occurs at the time of coverage renewal; the modification is effective uniformly among all group health benefit plan sponsors covered by identical or substantially identical health benefit plans or all individuals covered by identical or substantially identical individual health benefit plans, as applicable; and not later than the 60th day before the date the modification is effective, the issuer provides written notice of the modification to the commissioner of insurance, each affected group health benefit plan sponsor, each affected enrollee in an affected group health benefit plan, and each affected individual health benefit plan holder.

C.S.H.B. 1253 specifies that modifications affecting drug coverage that require such notice include removing a drug from a formulary; adding a requirement that an enrollee receive prior authorization for a drug; imposing or altering a quantity limit for a drug; imposing a step-therapy restriction for a drug; and moving a drug to a higher cost-sharing tier unless a generic drug alternative to the drug is available. The bill authorizes a group or individual health benefit plan issuer to elect to offer an enrollee in the plan the option of receiving such required notifications by e-mail.

C.S.H.B. 1253 amends the Health Insurance Portability and Availability Act to specify that the authority of a small or large employer health benefit plan issuer to modify a small or large employer health benefit plan under certain conditions is in accordance with the bill's provisions relating to the modification of drug coverage under a health benefit plan.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1253 contains provisions not included in the original relating to the modification of drug coverage under a health benefit plan.

C.S.H.B. 1253, in provisions of the Health Insurance Portability and Availability Act authorizing an employer health benefit plan issuer to modify a health benefit plan under certain conditions, contains a provision not included in the original specifying that the authority is in accordance with the bill's provisions relating to the modification of drug coverage under a health benefit plan. The substitute, in the part of the provisions setting out those conditions, omits the requirement included in the original for the issuer to notify each enrollee of the modification, including a modification of a drug formulary.