

BILL ANALYSIS

C.S.H.B. 2723
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Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A family that receives notice that the family's health insurance rates are being increased may need time to explore alternate coverage options or to adjust the family budget to cover the higher cost. While most employers who provide coverage to their employees and others covered in the group market receive notice of a rate increase at least 60 days in advance, persons who purchase coverage directly from a health insurance company or a health maintenance organization may not receive sufficient notice of a rate increase.

C.S.H.B. 2723 seeks to ensure that individual market enrollees get the same 60-day advance notice of a rate increase as enrollees in group coverage and to include individual market and small employer notice requirements to increase consumer awareness regarding information sources, coverage options, and other information relevant to a consumer's response to a proposed rate increase.

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. 2723 amends the Insurance Code to require a health maintenance organization (HMO), not less than 60 days before the date on which an increase in a charge for coverage under the Texas Health Maintenance Organization Act takes effect, to give to each enrollee under an individual evidence of coverage written notice of the effective date of the increase and to provide the enrollee a table that clearly lists the actual dollar amount of the charge for coverage on the date of the notice, the actual dollar amount of the charge for coverage after the charge increase, and the percentage change between the two amounts. The bill requires the notice to be based on coverage in effect on the date of the notice and to include contact information for the Texas Department of Insurance (TDI), including information concerning how to file a complaint with TDI; contact information for the Texas Consumer Health Assistance Program, including information concerning how to request consumer protection information or assistance with filing a complaint; and the addresses of Internet websites that provide consumer information related to rate increase justifications, including the websites of TDI and the United States Department of Health and Human Services. The bill prohibits these provisions from being construed to prevent an HMO, at the request of an enrollee, from negotiating a change in benefits or rates after delivery of notice. The bill prohibits an HMO from requiring an enrollee entitled to notice to respond to the HMO to renew the coverage or take other action relating to the renewal or extension of the coverage before the 45th day after the date the notice is given.

C.S.H.B. 2723 establishes similar rate increase notice requirements applicable to an insurer who offers an individual accident and health insurance policy with respect to notice to an insured regarding a premium rate increase for such a policy and an insurer who offers a small employer health benefit plan under the Health Insurance Portability and Availability Act with respect to

notice to a small employer regarding a premium rate increase for such a plan.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2723 contains a provision not included in the original establishing notice requirements applicable to a health maintenance organization (HMO) that require an HMO to provide each enrollee under an individual evidence of coverage advance written notice of an increase in a charge for coverage under the Texas Health Maintenance Organization Act.

C.S.H.B. 2723 differs from the original, in provisions relating to a required notice of a premium rate increase applicable to an insurer who offers an individual accident and health insurance policy and to an insurer who offers a small employer health benefit plan under the Health Insurance Portability and Availability Act, by requiring such an insurer to provide the individual insured or the small employer, as applicable, a table that clearly lists the actual dollar amount of the premium on the date of the notice and after the premium rate increase and the percentage change between the amounts, whereas the original requires an insurer to give written notice to the insured or the small employer and each covered employee of the amount of the increase.

C.S.H.B. 2723 differs from the original by prohibiting an insurer under the Health Insurance Portability and Availability Act from requiring a small employer entitled to notice under the bill's provisions to respond to the insurer to renew the policy or take other related action by a certain deadline, whereas the original makes that same prohibition apply to a requirement made by an insurer of a small employer or a covered employee.

C.S.H.B. 2723 differs from the original by requiring the notice to include information on how to file a complaint with the Texas Department of Insurance (TDI) and how to request from the Texas Consumer Health Assistance Program consumer protection information or assistance with filing a complaint, whereas the original, in requiring the notice to include information on how to file complaints and obtain information about coverage options, does not specify that the complaints are to be filed with TDI, does not specify where the coverage options information is to be obtained, and does not require the notice to include information on how to request from the Texas Consumer Health Assistance Program consumer protection information or assistance with filing a complaint.

C.S.H.B. 2723 differs from the original by making conforming changes in a saving provision with respect to the inclusion of notice requirements applicable to a health maintenance organization.