

By: Walle

H.B. No. 2723

A BILL TO BE ENTITLED

AN ACT

relating to notice of premium increase for certain accident and health insurance policies and small employer health benefit plans.

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

SECTION 1. Subchapter C, Chapter 1201, Insurance Code, is amended by adding Section 1201.109 to read as follows:

Sec. 1201.109. NOTICE OF RATE INCREASE. (a) Not less than 60 days before the date on which a premium rate increase takes effect on an individual accident and health insurance policy delivered or issued for delivery in this state by an insurer, the insurer shall give written notice to the insured of:

(1) the amount of the increase; and

(2) the effective date of the increase.

(b) The notice required by this section must be based on coverage in effect on the date of the notice.

(c) This section may not be construed to prevent an insurer, at the request of an insured, from negotiating a change in benefits or rates after delivery of the notice required by this section.

(d) An insurer may not require an insured entitled to notice under this section to respond to the insurer to renew the policy or take other action relating to the renewal or extension of the policy before the 45th day after the date the notice described by Subsection (a) is given.

(e) The notice required by this section must include:

1 (1) contact information for the department;
2 (2) information about how to file complaints and
3 obtain information about coverage options, including contact
4 information for the Texas Consumer Health Assistance Program; and
5 (3) the addresses of Internet websites that provide
6 consumer information related to rate increase justifications,
7 including the website of the department and the United States
8 Department of Health and Human Services.

9 SECTION 2. Subchapter E, Chapter 1501, Insurance Code, is
10 amended by adding Section 1501.216 to read as follows:

11 Sec. 1501.216. PREMIUM RATES: NOTICE OF INCREASE. (a) Not
12 less than 60 days before the date on which a premium rate increase
13 takes effect on a small employer health benefit plan delivered or
14 issued for delivery in this state by an insurer, the insurer shall
15 give written notice to the small employer and each covered employee
16 of:

17 (1) the amount of the increase; and
18 (2) the effective date of the increase.

19 (b) The notice required by this section must be based on
20 coverage in effect on the date of the notice.

21 (c) This section may not be construed to prevent an insurer,
22 at the request of a small employer, from negotiating a change in
23 benefits or rates after delivery of the notice required by this
24 section.

25 (d) An insurer may not require a small employer or a covered
26 employee entitled to notice under this section to respond to the
27 insurer to renew the policy or take other action relating to the

1 renewal or extension of the policy before the 45th day after the
2 date the notice described by Subsection (a) is given.

3 (e) The notice required by this section must include:

4 (1) contact information for the department;

5 (2) information about how to file complaints and
6 obtain information about coverage options, including contact
7 information for the Texas Consumer Health Assistance Program; and

8 (3) the addresses of Internet websites that provide
9 consumer information related to rate increase justifications,
10 including the website of the department and the United States
11 Department of Health and Human Services.

12 SECTION 3. This Act applies only to an accident and health
13 insurance policy or small employer health benefit plan that is
14 delivered, issued for delivery, or renewed on or after the
15 effective date of this Act. A policy or plan delivered, issued for
16 delivery, or renewed before the effective date of this Act is
17 governed by the law as it existed immediately before the effective
18 date of this Act, and that law is continued in effect for that
19 purpose.

20 SECTION 4. This Act takes effect September 1, 2011.