

BILL ANALYSIS

H.B. 2782
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Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Department of Insurance (TDI) has conducted reviews of certain health benefit plan rate increases, determined whether such increases are reasonable or unreasonable, and posted its findings online. However, under current law, TDI lacks authority to disapprove a rate for a health benefit plan, which could result in consumers paying rates for health benefit plans that TDI finds unreasonable. For many other lines of insurance, such as automobile or homeowners insurance, the commissioner of insurance has the authority to disapprove certain rate changes to help ensure that consumers do not pay rates that are excessive or otherwise unreasonable. H.B. 2782 seeks to improve health benefit plan consumer protections by authorizing the commissioner of insurance to disapprove a health benefit plan rate that the commissioner determines is excessive, inadequate, or unfairly discriminatory.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 of this bill.

ANALYSIS

H.B. 2782 amends the Insurance Code to require the commissioner of insurance by rule to establish a process under which the commissioner reviews rate changes of specified health benefit plans for compliance with rate standards established under the bill's provisions and disapproves rates that do not comply with such standards.

H.B. 2782 authorizes the commissioner to disapprove a rate change filed with the Texas Department of Insurance (TDI) by a health benefit plan issuer if the commissioner determines that the proposed rate is excessive, inadequate, or unfairly discriminatory or if the required rate filing is incomplete. The bill establishes the conditions under which a proposed rate is considered excessive, inadequate, or unfairly discriminatory. The bill requires the commissioner, in determining whether a rate change is excessive, inadequate, or unfairly discriminatory, to consider certain specified factors concerning the plan, the plan issuer, and the rate change. The bill authorizes the commissioner, in making such a determination, to consider inflation indexes and, if appropriate for comparison purposes, medical claims trends reported by plan issuers in Texas, in a region of the United States, or in the United States as a whole.

H.B. 2782 requires the commissioner by rule to establish a method for a health benefit plan issuer to dispute the disapproval of a rate change under the bill's provisions, which may include an informal method for the plan issuer and the commissioner to reach an agreement about an appropriate rate. The bill authorizes a health benefit plan issuer that objects to the commissioner's disapproval of a rate change to use the disapproved rate pending the completion of the dispute resolution process and any other appeal of the disapproval authorized by law and pursued by the plan issuer. The bill requires such a plan issuer, if the disapproved rate is an increase, to deposit into an escrow account the portion of the premiums collected by the plan issuer under the increased rate that exceeds the premium amount charged before the rate change

became effective, beginning on the date the rate is disapproved and continuing until the completion of the dispute resolution process and any other appeal. The bill requires the commissioner to adopt rules governing the escrow of such premiums and establishing the condition under which any excess premiums will be refunded or credited to the persons who paid the premiums if the rate dispute is not resolved in the plan issuer's favor.

H.B. 2782 requires the commissioner to seek all available federal funding to cover the cost to TDI of reviewing rates and resolving rate disputes under the bill's provisions. The bill exempts from its provisions rates for coverage provided through the Texas Health Insurance Pool. The bill establishes that its provisions apply only to a health benefit plan rate filed with and reviewed by the commissioner under other law and specifies that the bill does not create a requirement that any health benefit plan issuer file the plan issuer's rates with TDI. The bill establishes that its requirements are in addition to any other Insurance Code provisions governing health benefit plan rates and that the bill's provisions control in the case of a conflict between the bill's provisions and another Insurance Code provision, except as otherwise provided in the bill. The bill's provisions apply to rates for health benefit plan coverage delivered, issued for delivery, or renewed on or after January 1, 2014.

EFFECTIVE DATE

September 1, 2013.