

BILL ANALYSIS

Senate Research Center

S.B. 853
By: Taylor
State Affairs
7/16/2013
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 853 addresses the unintended consequences created by language added to Article 3 (Rate Regulation) of H.B. 1951 (relating to the continuation of the Texas Department of Insurance and the operation of certain insurance programs; imposing administrative penalties), 82nd Legislature, Regular Session, 2011, by limiting the provisions to apply only to major medical health insurance. Currently, the language applies to all accident and health insurance contracts, which pulls in supplemental types of insurance such as specified disease policies and disability policies. The notice prescribed by the current statute clearly applies only to major medical insurance, and its application to other types of supplemental accident and health insurance is confusing.

S.B. 853 clarifies current law by exempting non-major medical health insurance products from the statute, as well as defining "individual major medical accident and health insurance policy."

S.B. 853 amends current law relating to notice of a premium increase for certain health insurance policies.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Section 1201.109, Insurance Code, to read as follows:

Sec. 1201.109. NOTICE OF RATE INCREASE FOR MAJOR MEDICAL EXPENSE INSURANCE POLICY.

SECTION 2. Amends Section 1201.109, Insurance Code, by amending Subsection (a) and adding Subsection (f), as follows:

(a) Requires an insurer, not less than 60 days before the date on which a premium rate increase takes effect on an individual accident and health insurance policy that provides major medical expense coverage and that is delivered or issued for delivery in this state by the insurer, to give written notice to the insured of the effective date of the increase, and provide the insured a table that clearly lists certain dollar amounts and the percentage between these amounts.

(f) Defines "major medical expense coverage" as an individual major medical expense insurance policy to which this chapter (Accident and Health Insurance) applies under Section 1201.003 (Applicability of Chapter) that constitutes creditable coverage under Section 1205.004 (Creditable Coverage) for purposes of this section (Notice of Rate Increase).

SECTION 3. Effective date: upon passage or September 1, 2013.