

By: Herrero

H.B. No. 4016

A BILL TO BE ENTITLED

AN ACT

relating to coordination of health benefits under certain insurance policies.

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

SECTION 1. Chapter 1203, Insurance Code, is amended by adding Subchapter B to read as follows:

SUBCHAPTER B. MANDATED COORDINATION OF HEALTH BENEFITS

Sec. 1203.051. APPLICABILITY OF SUBCHAPTER. (a) This subchapter applies only to a health benefit plan that provides benefits for medical, surgical, or dental expenses incurred as a result of a health condition, accident, or sickness, including an individual, group, blanket, or franchise insurance policy or insurance agreement, or a group hospital service contract, or an individual or group evidence of coverage or similar coverage document that is offered by:

(1) an insurance company;

(2) a group hospital service corporation operating under Chapter 842;

(3) a fraternal benefit society operating under Chapter 885;

(4) a stipulated premium company operating under Chapter 884;

(5) a reciprocal exchange operating under Chapter 942;

(6) a Lloyd's plan operating under Chapter 941; or

1 (7) a health maintenance organization operating under
2 Chapter 843.

3 (b) This subchapter applies to group insurance contracts,
4 individual insurance contracts, and subscriber contracts that pay
5 or reimburse for the cost of dental care.

6 (c) This subchapter applies to the medical care components
7 of individual and group long-term care contracts.

8 (d) This subchapter does not apply to:

9 (1) workers' compensation insurance coverage;

10 (2) hospital indemnity coverage benefits or other
11 fixed indemnity coverage;

12 (3) accident-only coverage;

13 (4) specified disease or specified accident coverage;

14 (5) school accident-type coverages that cover
15 students for accidents only, including athletic injuries, either on
16 a "24-hour" or a "to and from school" basis;

17 (6) benefits provided in long-term care insurance
18 policies for nonmedical services, including personal care, adult
19 day care, homemaker services, assistance with activities of daily
20 living, respite care, custodial care, or payment of a fixed daily
21 benefit without regard to expenses incurred or the receipt of
22 services;

23 (7) Medicare supplement policies;

24 (8) a state plan under Medicaid;

25 (9) a governmental plan that by law provides benefits
26 that are in excess of those of any private insurance plan or other
27 nongovernmental plan; or

1 (10) an individual accident and health insurance
2 policy that is designed to fully integrate with other policies
3 through a variable deductible.

4 Sec. 1203.052. MANDATED COORDINATION OF BENEFITS. (a)
5 This subchapter applies if:

6 (1) an insured or enrollee is covered by two or more
7 insurance policies or other coverage documents; and

8 (2) each policy or other coverage document provides
9 the insured or enrollee benefits for medical, surgical, or dental
10 expenses.

11 (b) The primary health benefit plan issuer, as determined
12 under Section 1203.053, is responsible for expenses covered under
13 the insurance policy or other coverage document issued by the
14 primary health benefit plan issuer up to the full amount of the
15 applicable policy or document limit.

16 (c) Before the limit described by Subsection (b) is reached,
17 the secondary health benefit plan issuer, as determined under
18 Section 1203.053, is responsible only for the expenses covered
19 under the insurance policy or other coverage document issued by the
20 secondary health benefit plan issuer that are not covered under the
21 policy or document issued by the primary health benefit plan
22 issuer.

23 (d) After the limit described by Subsection (b) has been
24 reached, the secondary health benefit plan issuer, in addition to
25 the responsibility described by Subsection (c), is responsible for
26 any expenses covered by both policies or documents that exceed the
27 limit described by Subsection (b), up to the full amount of the

1 applicable limit of the insurance policy or other coverage document
2 issued by the secondary health benefit plan issuer.

3 Sec. 1203.053. DETERMINATION OF ORDER OF BENEFITS. (a)
4 Except as provided by Subsections (b) and (c), if the person
5 receiving benefits under an insurance policy or other coverage
6 document:

7 (1) is named as insured or enrollee, the policy or
8 coverage document is primary; or

9 (2) is not named as insured or enrollee, the policy or
10 coverage document is secondary to a primary policy or coverage
11 document.

12 (b) If a dependent child is covered under two or more
13 insurance policies or coverage documents:

14 (1) the primary policy or coverage document is the
15 policy or coverage document of the insured or enrollee whose
16 birthday is earlier in the calendar year than the insured or
17 enrollee of other policies or coverage documents that provide
18 coverage to the child; or

19 (2) if the insureds or enrollees under the policies or
20 coverage documents have the same birthday, the policy or coverage
21 document that has been in effect longest is primary.

22 (c) A determination of the order of benefits made under
23 Subsection (a) or (b) may be superseded by a court order under
24 Section 154.182, Family Code.

25 Sec. 1203.054. CERTAIN COORDINATION OF BENEFITS PROVISIONS
26 PROHIBITED. An insurance policy or other coverage document subject
27 to this subchapter may not be delivered, issued for delivery, or

1 renewed in this state if:

2 (1) a provision of the policy or document excludes or
3 reduces the payment of benefits for medical, surgical, or dental
4 expenses to or on behalf of an insured or enrollee;

5 (2) the reason for the exclusion or reduction is that
6 benefits are payable or have been paid to or on behalf of the
7 insured or enrollee under another insurance policy or coverage
8 document; and

9 (3) the exclusion or reduction applies before the full
10 amount of the expenses incurred by the insured or enrollee and
11 covered by both policies has been paid or reimbursed or the full
12 amount of the applicable limit of the policy or document containing
13 the exclusion or reduction is reached.

14 Sec. 1203.055. RESTRICTION ON COORDINATION OF BENEFITS
15 VOID. A provision of an insurance policy or other coverage document
16 that violates this subchapter is void.

17 SECTION 2. Chapter 1203, Insurance Code, is amended by
18 designating Sections 1203.001 through 1203.003 as Subchapter A and
19 adding a subchapter heading to read as follows:

20 SUBCHAPTER A. SUPPLEMENTAL INSURANCE POLICIES

21 SECTION 3. Section 1203.001, Insurance Code, is amended to
22 read as follows:

23 Sec. 1203.001. APPLICABILITY OF SUBCHAPTER [~~CHAPTER~~]. (a)

24 This subchapter [~~chapter~~] applies only to:

25 (1) a policy of group accident and health insurance as
26 described by Chapter 1251;

27 (2) a policy of blanket accident and health insurance

1 as described by Chapter 1251;

2 (3) a policy of individual accident and health
3 insurance as defined by Section 1201.001; or

4 (4) an evidence of coverage as defined by Section
5 843.002.

6 (b) This subchapter [~~chapter~~] does not apply to an
7 individual accident and health insurance policy that is designed to
8 fully integrate with other policies through a variable deductible.

9 SECTION 4. The change in law made by this Act applies only
10 to an insurance policy or other coverage document that is
11 delivered, issued for delivery, or renewed on or after January 1,
12 2016. A policy or document delivered, issued for delivery, or
13 renewed before January 1, 2016, is governed by the law as it existed
14 immediately before the effective date of this Act, and that law is
15 continued in effect for that purpose.

16 SECTION 5. This Act takes effect September 1, 2015.