

By: Lucio III

H.B. No. 2507

Substitute the following for H.B. No. 2507:

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C.S.H.B. No. 2507

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the regulation of short-term limited-duration
3 insurance policies providing health insurance coverage.

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

5 SECTION 1. Section 1201.104(a), Insurance Code, is amended
6 to read as follows:

7 (a) For individual accident and health insurance policies,
8 the commissioner shall adopt rules establishing minimum standards
9 for benefits under each of the following categories of coverage:

- 10 (1) basic hospital expense;
- 11 (2) basic medical-surgical expense;
- 12 (3) hospital indemnity or other fixed indemnity;
- 13 (4) major medical expense;
- 14 (5) disability income protection;
- 15 (6) accident only;
- 16 (7) specified disease;
- 17 (8) specified accident; ~~and~~
- 18 (9) limited benefit; and
- 19 (10) short-term limited-duration insurance.

20 SECTION 2. Chapter 1201, Insurance Code, is amended by
21 adding Subchapter G to read as follows:

22 SUBCHAPTER G. SHORT-TERM LIMITED-DURATION INSURANCE

23 Sec. 1201.301. DEFINITIONS. In this subchapter:

- 24 (1) "Health benefit exchange" has the meaning assigned

1 by Section 1369.201.

2 (2) "Short-term limited-duration insurance" has the
3 meaning assigned by 26 C.F.R. Section 54.9801-2.

4 Sec. 1201.302. ADVERTISING DISCLOSURES REQUIRED. (a) An
5 insurer issuing a short-term limited-duration insurance policy
6 shall display, on all sales and marketing materials, including any
7 Internet websites advertising or selling the policy, the applicable
8 notice under 26 C.F.R. Section 54.9801-2, including any
9 modifications to the notice prescribed by the commissioner under
10 Subsection (d).

11 (b) An agent selling a short-term limited-duration
12 insurance policy in person or through the telephone shall read out
13 loud the disclosure required by Subsection (a) to a prospective
14 purchaser.

15 (c) The commissioner shall by rule prescribe a procedure to
16 communicate the disclosure required by Subsection (a) to a
17 prospective purchaser of a short-term limited-duration insurance
18 policy on an Internet website that is substantially equivalent to
19 an agent reading the disclosure aloud.

20 (d) The commissioner may by rule prescribe modifications to
21 the notice under 26 C.F.R. Section 54.9801-2 for the purpose of
22 making the notice more readable.

23 Sec. 1201.303. POLICY DISCLOSURE FORM. (a) The
24 commissioner by rule shall prescribe a disclosure form to be
25 provided with the short-term limited-duration insurance policy and
26 the application.

27 (b) The disclosure form must be in an easily readable font

1 at least 14-point in size and include:

2 (1) the duration of coverage;

3 (2) a statement that:

4 (A) the policy may be renewed only [x] times/may
5 not be renewed;

6 (B) the expiration of short-term coverage is not
7 a qualifying life event that would make a person eligible for a
8 special enrollment period; and

9 (C) the policy may expire outside of the open
10 enrollment period;

11 (3) to the extent the information is available, the
12 dates of the next three open enrollment periods under the federal
13 Affordable Care Act following the date the policy expires;

14 (4) whether the policy contains any limitations or
15 exclusions to preexisting conditions;

16 (5) the maximum dollar amount payable under the
17 policy;

18 (6) the deductibles under the policy and the health
19 care services to which the deductibles apply;

20 (7) whether the following health care services are
21 covered, including:

22 (A) prescription drug coverage;

23 (B) mental health services;

24 (C) substance abuse treatment;

25 (D) maternity care;

26 (E) hospitalization;

27 (F) surgery;

1 (G) emergency health care; and
2 (H) preventive health care; and
3 (8) any other information the commissioner determines
4 is important for a purchaser of a short-term limited-duration
5 insurance policy.

6 (c) An insurer issuing a short-term limited-duration
7 insurance policy shall adopt procedures in accordance with
8 commissioner rule to obtain a signed form from the insured
9 acknowledging receipt of the disclosure form described by this
10 section. The rule must allow for electronic acknowledgment. The
11 insurer shall retain an acknowledgment form until the fifth
12 anniversary of the date the insurer receives the form, and the
13 insurer shall make the form available to the department on request.

14 Sec. 1201.304. RENEWAL LIMITATION. (a) An insurer may not
15 advertise or describe a short-term limited-duration insurance
16 policy as renewable unless:

17 (1) the policy provides that during the initial term
18 and any renewal period, the insurer may not change a material term
19 in the policy without the consent of the policyholder; and

20 (2) the policy is renewable at the sole option of the
21 policyholder.

22 (b) This subsection does not limit the right of an insurer
23 to make changes in premium rates by class.

24 Sec. 1201.305. TERMINATION. (a) Except as provided by
25 Subsection (b), an insurer issuing a short-term limited-duration
26 insurance policy may not terminate the policy before the policy's
27 expiration date except:

1 (1) for nonpayment of premiums; or

2 (2) because the policyholder has performed an act or
3 practice that constitutes fraud or has made an intentional
4 misrepresentation of a material fact relating to the policy.

5 (b) An insurer issuing a short-term limited-duration
6 insurance policy shall provide an option under the policy for the
7 insured to cancel the policy effective after each 30-day interval
8 after the effective date of coverage.

9 SECTION 3. Not later than January 1, 2020, the commissioner
10 of insurance shall adopt rules necessary to implement Section
11 [1201.104](#), Insurance Code, as amended by this Act, and Subchapter G,
12 Chapter [1201](#), Insurance Code, as added by this Act.

13 SECTION 4. Subchapter G, Chapter [1201](#), Insurance Code, as
14 added by this Act, applies only to an insurance policy delivered,
15 issued for delivery, or renewed on or after January 1, 2020. An
16 insurance policy delivered, issued for delivery, or renewed before
17 January 1, 2020, is governed by the law as it existed immediately
18 before the effective date of this Act, and that law is continued in
19 effect for that purpose.

20 SECTION 5. This Act takes effect September 1, 2019.