

AN ACT

relating to disclosures required in connection with the issuance of certain health benefit plans.

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

SECTION 1. Section 1507.006(b), Insurance Code, is amended to read as follows:

(b) Each applicant for initial coverage [~~and each policyholder on renewal of coverage~~] must sign the disclosure statement provided by the health carrier under Subsection (a) and return the statement to the health carrier. Under a group policy or contract, the term "applicant" means the employer.

SECTION 2. Section 1507.056(b), Insurance Code, is amended to read as follows:

(b) Each applicant for initial enrollment [~~and each contract holder on renewal~~] must sign the disclosure statement provided by the health maintenance organization under Subsection (a) and return the statement to the health maintenance organization. Under a group evidence of coverage, the term "applicant" means the employer.

SECTION 3. Subtitle G, Title 8, Insurance Code, is amended by adding Chapter 1509 to read as follows:

CHAPTER 1509. SHORT-TERM LIMITED-DURATION INSURANCE

Sec. 1509.001. DEFINITION. In this chapter, "short-term limited-duration insurance" has the meaning assigned by 26 C.F.R.

1 Section 54.9801-2.

2 Sec. 1509.002. POLICY DISCLOSURE FORM. (a) The
3 commissioner by rule shall prescribe a disclosure form to be
4 provided with a short-term limited-duration insurance policy and
5 application.

6 (b) The disclosure form must be in an easily readable font
7 at least 14-point in size and include:

8 (1) the duration of coverage;

9 (2) a statement:

10 (A) of the number of times the policy may be
11 renewed or that the policy may not be renewed, as applicable;

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

15 (C) that the policy may expire outside of the
16 open enrollment period;

17 (3) to the extent the information is available, the
18 dates of the next three open enrollment periods under the Patient
19 Protection and Affordable Care Act (Pub. L. No. 111-148) following
20 the date the policy expires;

21 (4) whether the policy contains any limitations or
22 exclusions to preexisting conditions;

23 (5) the maximum dollar amount payable under the
24 policy;

25 (6) the deductibles under the policy and the health
26 care services to which the deductibles apply;

27 (7) whether the following health care services are

1 covered, including:

2 (A) prescription drug coverage;

3 (B) mental health services;

4 (C) substance abuse treatment;

5 (D) maternity care;

6 (E) hospitalization;

7 (F) surgery;

8 (G) emergency health care; and

9 (H) preventive health care; and

10 (8) any other information the commissioner determines
11 is important for a purchaser of a short-term limited-duration
12 insurance policy.

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

21 SECTION 4. Chapter 1507, Insurance Code, as amended by this
22 Act, applies only to a policy or evidence of coverage delivered,
23 issued for delivery, or renewed on or after the effective date of
24 this Act. A policy or evidence of coverage delivered, issued for
25 delivery, or renewed before the effective date of this Act is
26 governed by the law as it existed immediately before the effective
27 date of this Act, and that law is continued in effect for that

1 purpose.

2 SECTION 5. Not later than January 1, 2020, the commissioner
3 of insurance shall prescribe the disclosure form required by
4 Section 1509.002, Insurance Code, as added by this Act.

5 SECTION 6. Chapter 1509, Insurance Code, as added by this
6 Act, applies only to an insurance policy delivered, issued for
7 delivery, or renewed on or after January 1, 2020. An insurance
8 policy delivered, issued for delivery, or renewed before January 1,
9 2020, is governed by the law as it existed immediately before the
10 effective date of this Act, and that law is continued in effect for
11 that purpose.

12 SECTION 7. This Act takes effect September 1, 2019.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1852 passed the Senate on April 17, 2019, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 23, 2019, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1852 passed the House, with amendment, on May 16, 2019, by the following vote: Yeas 134, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor