

By: Menéndez

S.B. No. 2407

A BILL TO BE ENTITLED

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

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 health.

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 HEALTH 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 health insurance  
3 policy" means a health insurance policy under which coverage is  
4 limited to fewer than 365 days in duration.

5 Sec. 1201.302. ADVERTISING DISCLOSURES REQUIRED. (a) An  
6 insurer issuing a short-term limited-duration health insurance  
7 policy shall display, on all sales and marketing materials,  
8 including any Internet websites advertising or selling the policy,  
9 the following statement in bold type at least 14-point in size:

10 "NOTICE: THIS SHORT-TERM LIMITED-DURATION INSURANCE POLICY  
11 DOES NOT INCLUDE ALL ESSENTIAL HEALTH BENEFITS AS REQUIRED BY THE  
12 AFFORDABLE CARE ACT. PREEXISTING CONDITIONS (ARE/ARE NOT) COVERED.  
13 BE SURE TO CHECK YOUR POLICY CAREFULLY TO MAKE SURE YOU UNDERSTAND  
14 WHAT THE POLICY DOES AND DOES NOT COVER. THIS POLICY CANNOT BE  
15 RENEWED. WHEN THIS COVERAGE ENDS, YOU MIGHT HAVE TO WAIT UP TO A  
16 YEAR UNTIL THE NEXT OPEN ENROLLMENT PERIOD TO GET OTHER HEALTH  
17 COVERAGE. YOU MAY BE ABLE TO GET LONGER TERM INSURANCE WITH  
18 ESSENTIAL HEALTH BENEFITS AND HELP TO PAY FOR IT AT (health benefit  
19 exchange Internet website address)."

20 (b) An agent selling a short-term limited-duration health  
21 insurance policy in person or through the telephone shall read out  
22 loud the disclosure prescribed by Subsection (a) to a prospective  
23 purchaser.

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

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

3            (1) the duration of coverage;

4            (2) a statement that:

5                    (A) the policy may not be renewed;

6                    (B) the expiration of short-term coverage does  
7 not make a person eligible for a special enrollment period; and

8                    (C) when the policy ends, the insured may have to  
9 wait up to a year until the next open enrollment period;

10            (3) whether the policy covers preexisting conditions;

11            (4) the maximum dollar amount payable under the  
12 policy;

13            (5) the deductibles under the policy and the health  
14 care services to which the deductibles apply;

15            (6) whether common health care services are covered,  
16 including:

17                    (A) prescription drug coverage;

18                    (B) mental health services;

19                    (C) substance abuse treatment;

20                    (D) maternity care;

21                    (E) hospitalization;

22                    (F) surgery;

23                    (G) emergency health care; and

24                    (H) preventive health care; and

25            (7) a statement that, before enrolling, an individual  
26 should determine whether the individual is able to purchase  
27 long-term health coverage through the health benefit exchange and

1 that the individual may be eligible for financial assistance to pay  
2 for it.

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

11 Sec. 1201.304. DURATION. A short-term limited-duration  
12 health insurance policy must expire not later than the 91st day  
13 after the date the policy takes effect.

14 Sec. 1201.305. RENEWAL PROHIBITED; NEW POLICY LIMITATION.

15 (a) An insurer may not renew a short-term limited-duration health  
16 insurance policy.

17 (b) An insurer may not issue a short-term limited-duration  
18 health insurance policy to an individual covered by a short-term  
19 limited-duration health insurance policy during the preceding 275  
20 days.

21 Sec. 1201.306. TERMINATION. (a) Except as provided by  
22 Subsection (b), an insurer issuing a short-term limited-duration  
23 health insurance policy may not terminate the policy before the  
24 policy's expiration date except for nonpayment of premiums or  
25 fraud.

26 (b) An insurer issuing a short-term limited-duration health  
27 insurance policy shall provide an option under the policy for the

1 insured to cancel the policy effective after each 30-day interval  
2 after the effective date of coverage.

3 Sec. 1201.307. ADVERTISING FILING REQUIREMENTS. An insurer  
4 that advertises or issues a short-term limited-duration health  
5 insurance policy shall file for informational purposes with the  
6 department a copy of any sales or marketing materials for the policy  
7 that the insurer intends to use in this state.

8 SECTION 3. Subchapter B, Chapter 1701, Insurance Code, is  
9 amended by adding Section 1701.0525 to read as follows:

10 Sec. 1701.0525. APPROVAL REQUIRED FOR CERTAIN DOCUMENTS.  
11 Notwithstanding Section 1701.052, an insurer may not use a document  
12 described by Section 1701.002 until the document has been approved  
13 by the commissioner if the document relates to a short-term  
14 limited-duration health insurance policy as defined by Section  
15 1201.301.

16 SECTION 4. Not later than January 1, 2020, the commissioner  
17 of insurance shall adopt rules necessary to implement Section  
18 1201.104, Insurance Code, as amended by this Act, and Subchapter G,  
19 Chapter 1201, Insurance Code, as added by this Act.

20 SECTION 5. Subchapter G, Chapter 1201, and Section  
21 1701.0525, Insurance Code, as added by this Act, apply only to an  
22 insurance policy delivered, issued for delivery, or renewed on or  
23 after January 1, 2020. An insurance policy delivered, issued for  
24 delivery, or renewed before January 1, 2020, is governed by the law  
25 as it existed immediately before the effective date of this Act, and  
26 that law is continued in effect for that purpose.

27 SECTION 6. This Act takes effect September 1, 2019.