By:  Hull (Senate Sponsor - Paxton) H.B. No. 3045

(In the Senate - Received from the House May 3, 2021; May 10, 2021, read first time and referred to Committee on Business & Commerce; May 20, 2021, reported favorably by the following vote: Yeas 9, Nays 0; May 20, 2021, sent to printer.)

COMMITTEE VOTE

                    Yea Nay Absent  PNV

Hancock              X

Nichols              X

Campbell             X

Creighton            X

Johnson              X

Menéndez             X

Paxton               X

Schwertner           X

Whitmire             X

A BILL TO BE ENTITLED

AN ACT

relating to financial regulation of certain life, health, and accident insurers and health maintenance organizations.

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

SECTION 1.  Sections 841.351(c) and (d), Insurance Code, are amended to read as follows:

(c)  A domestic insurance company may, at its option, withdraw a deposit made under Subsection (a), or any portion of the deposit[~~, after substituting a deposit of securities of a like class and of an amount and value equal to the withdrawn deposit or portion of deposit~~].

(d)  The commissioner must first approve any securities deposited or withdrawn [~~being substituted~~] under this section.

SECTION 2.  Section 843.082, Insurance Code, is amended to read as follows:

Sec. 843.082.  REQUIREMENTS FOR APPROVAL OF APPLICATION. The commissioner shall issue a certificate of authority on payment of the application fee prescribed by Section 843.154(c) if the commissioner is satisfied that:

(1)  with respect to health care services to be provided, the applicant:

(A)  has demonstrated the willingness and potential ability to ensure that the health care services will be provided in a manner to:

(i)  ensure both availability and accessibility of adequate personnel and facilities; and

(ii)  enhance availability, accessibility, quality of care, and continuity of services;

(B)  has arrangements, established in accordance with rules adopted by the commissioner, for a continuing quality of health care assurance program concerning health care processes and outcomes; and

(C)  has a procedure, that is in accordance with rules adopted by the commissioner, to develop, compile, evaluate, and report statistics relating to the cost of operation, the pattern of utilization of services, and availability and accessibility of services;

(2)  the person responsible for the conduct of the affairs of the applicant is competent, is trustworthy, and has a good reputation;

(3)  the health care plan, limited health care service plan, or single health care service plan is an appropriate mechanism through which the health maintenance organization will effectively provide or arrange for the provision of basic health care services, limited health care services, or a single health care service on a prepaid basis, through insurance or otherwise, except to the extent of reasonable requirements for copayments;

(4)  the health maintenance organization is fully responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees, after considering:

(A)  the financial soundness of the health care plan's arrangement for health care services and the schedule of charges used in connection with the arrangement;

(B)  the adequacy of working capital;

(C)  any agreement with an insurer, a group hospital service corporation, a political subdivision of government, or any other organization for insuring the payment of the cost of health care services or providing for automatic applicability of an alternative coverage in the event the plan is discontinued; and

(D)  any agreement that provides for the provision of health care services; and

[~~(E) any deposit of cash or securities submitted in accordance with Section 843.405 as a guarantee that the obligations will be performed; and~~]

(5)  the proposed plan of operation, as shown by the information submitted under Section 843.078 and, if applicable, Section 843.079, or by independent investigation, does not violate state law.

SECTION 3.  Subchapter L, Chapter 843, Insurance Code, is amended by adding Section 843.4055 to read as follows:

Sec. 843.4055.  DEPOSIT WITH OR WITHDRAWAL FROM COMPTROLLER. (a) A health maintenance organization may, at its option and after receiving commissioner approval, deposit with the comptroller cash, securities, or any combination of cash, securities, and other guarantees.

(b)  A health maintenance organization may, at its option and after receiving commissioner approval, withdraw a deposit made under Subsection (a) or any portion of the deposit.

SECTION 4.  Section 534.153, Health and Safety Code, is amended to read as follows:

Sec. 534.153.  APPLICATION OF LAWS AND RULES. A health maintenance organization created and operating under this subchapter is governed as, and is subject to the same laws and rules of the Texas Department of Insurance as, any other health maintenance organization of the same type. The commissioner of insurance may adopt rules as necessary to accept funding sources other than the sources specified by Section 843.4055 [~~843.405~~], Insurance Code, from a nonprofit health maintenance organization created and operating under this subchapter, to meet the minimum surplus requirements of that section.

SECTION 5.  The following provisions of the Insurance Code are repealed:

(1)  Section 841.355;

(2)  Section 841.357;

(3)  Sections 843.105(d), (e), (f), and (g);

(4)  Section 843.402; and

(5)  Section 843.405.

SECTION 6.  On the effective date of this Act, the comptroller of public accounts of the State of Texas shall release, transfer, and deliver to the owner any deposits made by a health maintenance organization under former Sections 843.105(g), 843.402, and 843.405, Insurance Code.

SECTION 7.  This Act takes effect September 1, 2021.

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