

- SUBJECT:** Requirements for health benefit plan identification cards.
- COMMITTEE:** Insurance — committee substitute recommended
- VOTE:** 7 ayes — Smithee, Taylor, Eiland, Hancock, Martinez, Vo, Woolley
0 nays
2 absent — T. Smith, Thompson
- WITNESSES:** (*On original version:*)
For — Patricia Kolodzey, Texas Hospital Association; (*Registered, but did not testify:* Jaime Capelo, Texas Ambulatory Surgery Center Society and Texas Chapter of the American College of Cardiology; Betty J. Edwards, Texas Association of Obstetricians and Gynecologists; David Marwitz, Texas Dermatological Society; Michelle Romero, Texas Academy of Internal Medicine Services; and 15 individuals)

Against —None

(*On committee substitute:*)
For — Steve Bresnen, Pay by Touch; Gary Floyd, Texas Pediatric Society; Harry Hendrix, Capitol Anesthesiology Assn; Brent Hranicky, Pay by Touch; Jerry D. Hunsaker, Texas Medical Association; Jaime Ronderos, Texas Society of Anesthesiologists; Eric Weaver, Texas Medical Group Management Assoc., Capital Cardiovascular Specialists; (*Registered, but did not testify:* Shellie Pruden, Texas Medical Group Management Association; Luis Benavides)

Against —Mike Pollard, Texas Association of Life and Health Insurers; Jared Wolfe, Texas Association of Health Plans

On — Cindy Jorgensen, Health and Human Services Commission
- BACKGROUND:** Most health plans issue enrollee information cards that provide information regarding eligibility standards and coverage levels. Some of these plans issue this information in an electronically readable format, such as a magnetic strip.

DIGEST:

CSHB 522 would amend Subtitle A, Title 8 of the Insurance Code to add ch. 1215 requiring that health plans distribute to enrollees identification cards specifying the details of each enrollee's health plan. The bill would apply only to health plans offered by insurance companies, group hospital services corporations, fraternal benefit societies, stipulated premium insurance companies, reciprocal exchanges, health maintenance organizations, multiple employer welfare arrangements, and approved nonprofit health corporations.

The Department of Insurance and the commissioner of insurance would promulgate rules to administer the implementation of identification cards, and the department would oversee their issuance. The bill would require creation of a pilot program, no later than September 1, 2008, in Harris County, and all health plans that operated in Harris County would be required to offer an identification card by that time for the program. Following the pilot program, the Department of Insurance would begin statewide implementation of the identification card program not later than September 1, 2010, by which time all health plans statewide would have to comply with the requirements of the program. To ensure compliance, the commissioner could require health plans to submit implementation procedures to the Department of Insurance.

CSHB 522 would require health plans to provide enrollees with an identification card that would provide information about:

- the name of the health plan;
- the name of any administrator of the health plan;
- the name of the policyholder;
- the number of the policy or contract;
- the telephone number, email, or web address for service authorizations;
- the name of the payor under the health plan
- deductibles;
- the amounts paid by the plan for out-of-network care;
- physician or health care provider participation in a plan's network;
- enrollee responsibility for services provided through the plan;
- whether physicians or health care providers participating in the network were accepting new patients; and
- whether physicians at participating hospitals were available

The commissioner of insurance would designate the type of technology to be used for an identification card, including magnetic strips, smart cards, biometric technology, or any other technology the department considered appropriate. The technology chosen would have to be appropriate to ensure that the card may be used to provide accurate and current information and to protect the security of the information of each enrollee.

The bill would take effect September 1, 2007.

**SUPPORTERS
SAY:**

CSHB 522 would benefit patients, physicians, and health plans by instituting an identification card program that would reduce administrative costs, improve efficiency, and increase transparency in health plans.

Lack of access to information about eligibility and coverage can lead to confusion and unexpected, out-of-pocket costs for patients. While health plans have access to this information and distribute it to enrollees, it often is provided in the form of lengthy and complicated plan details. Typically, health plans offer their enrollees identification cards with very little information – often just the name of the enrollee, the number of the policy or contract, and maybe a telephone number for questions about the policy. However, critical patient information – such as the patient’s deductible, medical services that are covered, and the contracted list of physicians and hospitals available to the patient – changes continually and frequently is unavailable to patients and their physicians.

An enrollee’s plan may change mid-year or mid-service. In these situations, it can be difficult for enrollees and health care providers to keep track of the details of what plan an enrollee may have and what the coverage might entail. CSHB 522 would provide greater access to coverage information not only for an enrollee, but also for a provider. For example, a provider would have better access to information that would alert the provider that, in event of surgery, one anesthesiologist was in the patient’s network while the other is not. This is a frequent post-surgery complaint of both patients and providers.

CSHB 522 would ensure that identification cards contained minimum, standard information necessary for physicians to be able to counsel patients on affordable and efficient treatment plans. By including this information, patients could access care and treatment with minimum confusion as to what services and providers were covered. This would alleviate some administrative burdens on health plans as these

identification cards would reduce error and confusion of enrollees when they obtained services that were not covered. By mandating a standard minimum amount of information, the bill would reduce confusion for providers as they dealt with different health plans across the state.

In addition, CSHB 522 would be beneficial because it would require that the standard information be embedded in the card and accessible through either magnetic strip or smart card technology. Enrollees could access the significant information about their health plans in easy-to-retrieve form. Further, use of electronic methods would allow the data continually to be updated as the details of an enrollee's plan changed.

Costs for the bill would be offset by future savings, such as a reduction in the number of staff members required to answer telephone calls about coverage, both for health plans and for physician providers. Also, some health plans in Texas have begun to issue identification cards that incorporate electronic access and more information about plan details. CSHB 522 would only expand on the steps already taken by health plans and would standardize and formalize the type of information to be found on these cards.

**OPPONENTS
SAY:**

The plan for the pilot program proposed by CSHB 522 would be too rushed and too large. The bill would require the pilot program to begin no later than September 1, 2008, for Harris County, an area containing more than 3 million people. This is too short a time frame and too large a scope successfully to implement a program. While many health plans already may offer identification cards, some do not. The identification cards that plans currently offer do not contain the breadth and depth of information that this bill would require, meaning an expensive overhaul even for the plans that now offer identification cards. This bill would present those plans that do not offer identification cards with the added financial burden of trying quickly to comply with the law. Plans that do not offer cards in the Harris County area could be forced to spend significant amounts of money to comply with the requirements of CSHB 522.

Many plans may have to spend significant amounts of money to operate multiple systems to read the information on different card formats. Some health plans could have to operate multiple administrative systems because there would be no requirement that providers actually use the card. Because of this, health plans may have to operate redundant electronic and paper systems. An Internet web-based portal system would be more

helpful, as it would not have to rely on the expensive upfront costs to produce identification cards. Many, if not most, health care providers already have Internet access. This would alleviate the concern that health plans would have to accommodate multiple systems if health care providers did not use the electronic identification card.

NOTES:

The bill as filed included specific compliance goals and dates by which certain requirements would have to be met, including submitting implementation plans to the department. The committee substitute has more general compliance requirements for health plans. The substitute also would require the use of technology to ensure that the card could provide accurate and current information and that the commissioner could designate the type of technology to be used.

According to the fiscal note, CSHB 522 would cost the Employee Retirement System \$15,470 in fiscal 2008-09. In 2010, the cost is estimated to be \$107,389, and in following years, around \$40,700 a year. This cost would account for the estimated 4.9 percent of ERS members who would require new cards each month. The cost estimate takes into account the cost for use of different types of technology for identification cards.

SB 1614 by Duncan, which would require the commissioner of insurance to appoint a technical advisory committee that would establish the standards by which health plans and providers used electronic information to determine eligibility and coverage, was left pending by the Senate State Affairs Committee.