

BILL ANALYSIS

Senate Research Center
76R5053 PB-D

H.B. 1627
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Economic Development
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Engrossed

DIGEST

Currently, some insurers “qualify” their bids to a city or municipality, which means that such insurers can modify their rates or limit coverage to certain employees or dependants after the city accepts the bid. H.B. 1627 would require bids by stop-loss insurers to contain no qualifications that would permit the insurers to modify or limit terms of insurance after the contract is made. This bill would also prohibit exclusion or assignment of a higher deductible to individual city employees by insurers.

PURPOSE

As proposed, H.B. 1627 amends insurer requirements for contracts with municipalities.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21E, Insurance Code, by adding Article 21.49-16, as follows:

Article 21.49-16. BID REQUIREMENTS FOR INSURERS WHO CONTRACT WITH MUNICIPALITIES

Sec. 1. DEFINITIONS. Defines “insurer” and “municipality.”

Sec 2. REQUIREMENTS. Prohibits an insurer who bids on a contract subject to the competitive bidding and competitive proposal requirements adopted under Section 252.021, Local Government Code (Competitive Bidding and Competitive Proposal Requirements), from submitting a bid for a contract, subject to any qualification imposed by the insurer, that permits the insurer to modify or limit the terms of insurance coverage to be provided after the contract has been made. Requires an insurer’s bid submitted under Section 252.021, Local Government Code, to contain the offer made by the insurer. Prohibits an insurer who provides stop-loss or other insurance coverage for health benefits under a contract subject to this article from excluding an individual who is otherwise eligible from coverage or assigning a higher deductible, based on the individual’s prior medical history.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.