

BILL ANALYSIS

Senate Research Center
77R7932 PB-D

C.S.S.B. 415
By: Carona
Health & Human Services
2/23/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, any Texas health care provider may participate in the Texas Medical Liability Insurance Underwriting Association. As proposed, C.S.S.B. 415 includes for-profit nursing homes in the list of health care providers, thereby allowing a for-profit nursing home to participate. It also ensures that if in any fiscal year the losses and expenses from a single health care provider result in a net underwriting loss and exceed a certain percentage of the stabilization reserve fund, the commissioner of insurance may direct the initiation or continuation of the charge for physicians or that category of health care provider until the fund recovers the relevant amount. It also provides that if a deficit is sustained by the joint underwriting association, the association can levy an assessment on the category of health care provider responsible for the deficit.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2(6), Article 21.49-3, Insurance Code, to redefine "health care provider."

SECTION 2. Amends Section 4(b)(1), Article 21.49-3, Insurance Code, to authorize the commissioner of insurance, the commissioner's deputies, or the State Board of Insurance, as appropriate (commissioner), rather than the State Board of Insurance of the State of Texas, to require that certain information be considered in the subjecting of certain matters to Chapter 5B. Provides that for purposes of this article, rates, rating plans, rating rules, rating classifications, territories, and policy forms for for-profit nursing homes are subject to the requirements of Article 5.15-1 of this code to the same extent as not-for-profit nursing homes.

SECTION 3. Amends Section 4A, Article 21.49-3, Insurance Code, as follows:

(d) Requires that collections of the stabilization reserve fund charge continue only until such time as the net balance of the fund reaches a certain sum, except as provided by Subsection (e) of this section.

(e) Authorizes the commissioner by order, if in any fiscal year the incurred losses and defense and cost-containment expenses from physicians or any single category of health care provider result in a net underwriting loss and exceed 25 percent of the stabilization reserve fund, as valued for that year, to direct the initiation or continuation of the stabilization reserve fund charge for physicians or that category of health care provider until the fund recovers the amount by which those losses and cost-containment expenses exceed 25 percent of the fund.

Makes conforming changes.

SECTION 4. Amends Section 5, Article 21.49-3, Insurance Code, to provide that each policyholder

has contingent liability for a proportionate share of any assessment of policyholders made under the authority of this article. Require the directors of the joint underwriting association (association), whenever a deficit is sustained in any one year, to levy an assessment on the policyholders as provided by this section. Deletes language regarding which policyholders are affected by this subsection. Requires the directors to determine whether the deficit sustained by the association is attributable toward the activities of a specific category of health care provider. Requires the directors, if they do so determine, to levy an assessment only on policy holders who belong to that category of health care provider and held policies in force at any time within the two most recently completed calendar years in which the association was issuing policies preceding the date on which the assessment is levied. Requires the directors, if it is not determined that the deficit is attributable solely to one category of health care provider, to levy an assessment on all policyholders who meet the criteria.

SECTION 5. Makes application of Sections 2, 4, and 5, Article 21.49-3, Insurance Code, as amended by this Act, prospective to January 1, 2002.

SECTION 6. Effective date: September 1, 2001.

SUMMARY OF COMMITTEE CHANGES

SECTION 4. Differs from the original by adding the amendments made in SECTION 4 of the substitute.

SECTION 5. Differs from the original by renumbering SECTION 4 of the original version as SECTION 5 of the committee substitute, and making a change conforming the substitute to the amendments made in SECTION 4 of the substitute.

SECTION 6. Differs from the original by renumbering previous SECTION 5 as SECTION 6 of the substitute.