

BILL ANALYSIS

Senate Research Center
2001S0590/1

C.S.S.B. 992
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Business & Commerce
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Committee Report (Substituted)

DIGEST AND PURPOSE

The Texas Health Insurance Risk Pool (pool) was created to comply with the Health Insurance Portability and Accountability Act (HIPAA) to provide access to quality health care for Texans with pre-existing conditions who otherwise could not obtain health coverage. The board of directors of the pool recommends several statutory changes relating to eligibility requirements, in part to address concerns expressed by the federal Health Care Financing Administration and in part to clarify eligibility requirements in the statute, and to provide for a specific interest rate on unpaid assessments from health carriers. C.S.S.B. 992 makes the statutory changes suggested by the board of directors of the Texas Health Insurance Risk Pool.

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 Subdivision (17), Section 2, Article 3.77, Insurance Code, to redefine "resident."

SECTION 2. Amends Section 10, Article 3.77, Insurance Code, to require an individual person who is a resident of Texas as defined in Section 2(17)(B) of this article and who continues to be a resident of Texas to be eligible for coverage from the pool if the individual provides certain evidence to the Texas Health Insurance Risk Pool (pool).

(b) Adds an individual person who is a resident of Texas as defined in Section 2(17)(B) of this article and a permanent resident of the United States for at least three continuous years to the list of people who are required to be eligible for certain coverage under certain conditions. Deletes wording relating to evidence of an individual's maintenance of health insurance coverage.

(e) Provides that a person is not eligible for coverage from the pool if the person has had prior coverage with the pool terminated for nonpayment of premiums, within the 12 months immediately preceding the date of application. Makes conforming changes.

(g) Provides, rather than authorizes, the coverage of a person who ceases to meet the eligibility requirements of this section to be terminated as of the earlier of the next premium due date or the first day of the month following the date the pool determines the person does not meet the eligibility requirement, in the pool's sole discretion, rather than at the end of the policy period.

(h) Provides that a person who is eligible for health insurance benefits provided in connection with a policy, plan, or program paid for or sponsored by an employer, even though such employer coverage is declined, is not eligible for pool coverage. Provides that no insurer, agent, third party administrator, or other person licensed under this code may arrange or assist

or attempt to arrange or assist in the application or placement of such person in the pool for the purpose of separating the person from health insurance benefits offered or provided in connection with employment that would be available to the person as an employee or as a dependent of an employee. Provides that a violation of this subsection is an unfair method of competition and an unfair or deceptive act or practice under Article 21.21 of this code.

SECTION 3. Amends Section 13, Article 3.77, Insurance Code, by amending Subsection (d) and adding Subsection (e) as follows:

(d) Prohibits the board of directors of the pool from specifying that an assessment is due on a date earlier than the 30th day after the date on which prior written notice of the assessment due is transmitted to the insurer. Sets forth the rate at which interest accrues on a certain unpaid amount.

(e) Authorizes an insurer to petition the commissioner of insurance (commissioner) for an abatement or deferment of all or part of an assessment imposed by the board of directors of the pool. Authorizes the commissioner to abate or defer, in whole or in part, such assessment if the commissioner determines that the payment of the assessment would endanger the ability of the participating insurer to fulfill its contractual obligations. Requires the amount by which an assessment is abated or deferred, if an assessment against an insurer is abated or deferred in whole or in part, to be assessed against the other insurers in a manner consistent with the basis for assessments set forth in this subsection. Requires the insurer receiving such abatement or deferment to remain liable to the pool for the deficiency.

SECTION 4. Effective date: September 1, 2001.

SUMMARY OF COMMITTEE CHANGES

SECTION 3. Amends As Filed S.B. 992 by adding Subsection (e) to Section 13, Article 3.77, Insurance Code.