

BILL ANALYSIS

Senate Research Center

S.B. 1355
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current state law, preferred provider benefit plans and health maintenance organizations provide certain information to the Texas Department of Insurance (TDI) and the Office of Public Insurance Counsel (OPIC). Information submitted to TDI is primarily for the purpose of determining whether the preferred provider benefit plan or Health Maintenance Organization (HMO) is meeting its statutory and regulatory requirements, including financial solvency. Most of this information is not useful for consumers or employers. Also the type and amount of information submitted to TDI from insurers who issue preferred provider benefit plans is limited.

OPIC currently collects information from HMOs for an HMO consumers report card, but its scope is limited. No report cards are available from OPIC or TDI for preferred provider benefit plans.

As proposed, S.B. 1355 would enhance and expand the information available to consumers by requiring the publication of report cards that address HMO and preferred provider benefit plan efficiency and requiring insurers to submit additional information to TDI as determined by the commissioner of insurance. The additional information would be described in a consumer-friendly format and made available to the public annually.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 1301.304, Insurance Code) and SECTION 2 (Section 843.504, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 1301, Insurance Code, by adding Subchapter F, as follows:

SUBCHAPTER F. ANNUAL INSURANCE CONSUMER REPORT CARDS

Sec. 1301.301. DEFINITIONS. Defines "allowable cap score," "claims paid score," "direct losses incurred," "direct losses paid," "direct premiums earned," "expected profit score," "justified complaint," "network adequacy score," and "premium to direct patient care score."

Sec. 1301.302. PUBLIC REPORT CARD. Requires the commissioner of insurance (commissioner) to develop and issue an annual insurance consumer report card (report card) that publicizes the scores as provided by this subchapter. Requires the report card to be in a format that will permit direct comparison of preferred provider benefit plans offered by insurers.

Sec. 1301.303. REPORT CARD SCORES. (a) Requires the report card to include certain information.

(b) Requires the annual report card to contain a plain language explanation of the scores understandable to the average layperson.

Sec. 1301.304. RULEMAKING. Requires the commissioner to adopt rules as necessary to implement this subchapter, including rules governing the filing of any financial report or information necessary for the annual report cards.

Sec. 1301.305. PUBLICATION AND PUBLICITY. (a) Requires the commissioner to take certain actions regarding the publication and publicity of the report cards.

(b) Requires the commissioner to issue a press release publicizing the annual issuance of the report cards.

SECTION 2. Amends Chapter 843, Insurance Code, by adding Subchapter O, as follows:

SUBCHAPTER O. ANNUAL HEALTH MAINTENANCE ORGANIZATION CONSUMER REPORT CARDS

Sec. 843.501. DEFINITIONS. Defines "allowables cap score," "claims paid score," "direct losses incurred," "direct losses paid," "direct premiums earned," "expected profit score," "justified complaint," "network adequacy score," and "premium to direct patient care score."

Sec. 843.502. PUBLIC REPORT CARD. (a) Requires the commissioner to develop and issue an annual HMO consumer report card that publicizes the scores as provided in this subchapter. Requires the report card to be in a format that will permit direct comparison of HMOs.

(b) Requires the annual HMO consumer report card required by this subchapter to be developed and disseminated in consultation with the office of public insurance counsel along with any report card mandated under Chapter 501 (Office of Public Insurance Counsel).

(c) Entitles the office of public insurance counsel, in addition to any other authority granted by this code, to information reported by HMO as requested for the purposes of this subchapter.

Sec. 843.503. REPORT CARD SCORES. (a) Requires the annual HMO organization consumer report card to include certain information.

(b) Requires the annual HMO consumer report card to contain a plain language explanation of the scores understandable to the average layperson.

Sec. 843.504. RULEMAKING. Requires the commissioner to adopt rules as necessary to implement this subchapter, including rules governing the filing of any financial report or information necessary for the annual HMO report cards.

Sec. 843.505. PUBLICATION AND PUBLICITY. (a) Requires the commissioner to take certain actions regarding the publication and publicity of the HMO consumer report card.

(b) Requires the commissioner to issue a press release publicizing the annual issuance of the HMO consumer report cards.

SECTION 3. Effective date: upon passage or September 1, 2007.