BILL ANALYSIS

Senate Research Center

H.B. 1624
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties assert that health insurance providers do not post complete or easily accessible prescription drug formularies online. The parties note that there is often no information about cost-sharing for prescription drugs under the plan available for shoppers until after a plan is purchased and express concern that the frequency with which health insurance providers update their provider directories can sometimes lead to the information being inaccurate or outdated. H.B. 1624 seeks to address these issues.

H.B. 1624 amends current law relating to transparency of certain information related to certain health benefit plan coverage.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 (Section 1369.0543, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 1369, Insurance Code, by adding Sections 1369.0542, 1369.0543, and 1369.0544, as follows:

Sec. 1369.0542. FORMULARY INFORMATION ON INTERNET WEBSITE. (a) Requires a health benefit plan issuer to display on a public Internet website maintained by the issuer formulary information as required by the commissioner of insurance (commissioner) by rule.

(b) Requires that a direct electronic link to the formulary information be displayed in a conspicuous manner in the electronic summary of benefits and coverage of each health benefit plan issued by the health benefit plan issuer on the health benefit plan issuer's Internet website. Requires that the information be publicly accessible to enrollees, prospective enrollees, and others without necessity of providing a password, a user name, or personally identifiable information.

Sec. 1369.0543. FORMULARY DISCLOSURE REQUIREMENTS. (a) Requires the commissioner to develop and adopt by rule requirements to promote consistency and clarity in the disclosure of formularies to facilitate comparison shopping among health benefit plans.

(b) Requires that the requirements adopted under Subsection (a) apply to each prescription drug:

(1) included in a formulary and dispensed in a network pharmacy; or

(2) covered under a health benefit plan and typically administered by a physician or health care provider.

(c) Requires that the formulary disclosures:

(1) be electronically searchable by drug name;

(2) include for each drug the information required by Subsection (d) in the order listed in that subsection; and

(3) indicate each formulary that applies to each health benefit plan issued by the issuer.

(d) Requires that the formulary disclosures include for each drug:

(1) the cost-sharing amount for each drug, including as applicable:

(A) the dollar amount of a copayment; or

(B) for a drug subject to coinsurance:

(i) an enrollee's cost-sharing amount stated in dollars; or

(ii) a cost-sharing range, denoted as follows:

(a) under $100 - $;

(b) $100-$250 - $$;

(c) $251-$500 - $$$;

(d) $501-$1,000 - $$$$; or

(e) over $1,000 - $$$$$;

(2) a disclosure of prior authorization, step therapy, or other protocol requirements for each drug;

(3) if the health benefit plan uses a tier-based formulary, the specific tier for each drug listed in the formulary and the specific copayments for each tier as set out in the coverage document;

(4) a description of how prescription drugs will specifically be included in or excluded from the deductible, including a description of out-of-pocket costs for a prescription drug that may not apply to the deductible;

(5) identification of preferred formulary drugs; and

(6) an explanation of coverage of each formulary drug.

(e) Authorizes the commissioner by rule to allow disclosures other than the disclosures required under Subsection (d)(1) relating to cost-sharing through a web-based tool that must:

(1) be publicly accessible to enrollees, prospective enrollees, and others without necessity of providing a password, a user name, or personally identifiable information;

(2) allow consumers to electronically search formulary information by the name under which the health benefit plan is marketed; and

(3) be accessible through a direct link that is displayed on each page of the formulary disclosure that lists each drug as required under Subsection (c).

Sec. 1369.0544. FORMULARY INFORMATION PROVIDED BY TOLL-FREE TELEPHONE NUMBER. Authorizes a health benefit plan issuer, in addition to providing the information described by Section 1369.0543(d)(1), to make the information available to enrollees, prospective enrollees, and others through a toll-free telephone number that operates at least during normal business hours.

SECTION 2. Amends Chapter 1451, Insurance Code, by adding Subchapter K, as follows:

SUBCHAPTER K. HEALTH CARE PROVIDER DIRECTORIES

Sec. 1451.501. DEFINITIONS. Defines "health care provider" and "physician."

Sec. 1451.502. APPLICABILITY OF SUBCHAPTER. Provides that this subchapter applies only to a health benefit plan that provides benefits for medical or surgical expenses incurred as a result of a health condition, accident, or sickness, including an individual, group, blanket, or franchise insurance policy or insurance agreement, a group hospital service contract, or a small or large employer group contract or similar coverage document that is offered by:

(1) an insurance company;

(2) a group hospital service corporation operating under Chapter 842 (Group Hospital Service Corporations), Insurance Code;

(3) a fraternal benefit society operating under Chapter 885 (Fraternal Benefit Societies), Insurance Code;

(4) a stipulated premium company operating under Chapter 884 (Stipulated Premium Insurance Companies), Insurance Code;

(5) a reciprocal exchange operating under Chapter 942 (Reciprocal And Interinsurance Exchanges), Insurance Code;

(6) a health maintenance organization operating under Chapter 843 (Health Maintenance Organizations), Insurance Code;

(7) a multiple employer welfare arrangement that holds a certificate of authority under Chapter 846 (Multiple Employer Welfare Arrangements), Insurance Code; or

(8) an approved nonprofit health corporation that holds a certificate of authority under Chapter 844 (Certification of Certain Nonprofit Health Corporations), Insurance Code.

Sec. 1451.503. EXCEPTION. Provides that this subchapter does not apply to:

(1) a health benefit plan that provides certain coverage set forth in this subdivision.

(2) a Medicare supplemental policy as defined by Section 1882(g)(1), Social Security Act (42 U.S.C. Section 1395ss), as amended;

(3) a workers' compensation insurance policy;

(4) medical payment insurance coverage provided under a motor vehicle insurance policy;

(5) a long-term care insurance policy, including a nursing home fixed indemnity policy, unless the commissioner determines that the policy provides benefit

coverage so comprehensive that the policy is a health benefit plan as described by Section 1451.502;

(6) the child health plan program under Chapter 62 (Child Health Plan for Certain Low-Income Children), Health and Safety Code, or the health benefits plan for children under Chapter 63 (Health Benefits Plan for Certain Children), Health and Safety Code; or

(7) a Medicaid managed care program operated under Chapter 533 (Implementation Of Medicaid Managed Care Program), Government Code, or a Medicaid program operated under Chapter 32 (Medical Assistance Program), Human Resources Code.

Sec. 1451.504. PHYSICIAN AND HEALTH CARE PROVIDER DIRECTORIES. (a) Requires a health benefit plan issuer that offers coverage for health care services through preferred providers, exclusive providers, or a network of physicians or health care providers to develop and maintain a physician and health care provider directory in accordance with this subchapter.

(b) Requires that the directory include the name, street address, and telephone number of each physician and health care provider described by Subsection (a) and indicate whether the physician or provider is accepting new patients.

Sec. 1451.505. PHYSICIAN AND HEALTH CARE PROVIDER DIRECTORY ON INTERNET WEBSITE. (a) Requires a health benefit plan issuer to display on a public Internet website maintained by the issuer the directory required by Section 1451.504, Insurance Code. Requires that a direct electronic link to the directory be displayed in a conspicuous manner in the electronic summary of benefits and coverage of each health benefit plan issued by the health benefit plan issuer on the Internet website.

(b) Requires the health benefit plan issuer to clearly indicate in the directory each health benefit plan issued by the issuer that may provide coverage for services provided by each physician or health care provider included in the directory.

(c) Requires that the directory be:

(1) electronically searchable by physician or health care provider name and location; and

(2) publicly accessible without necessity of providing a password, a user name, or personally identifiable information.

(d) Requires the health benefit plan issuer to conduct an ongoing review of the directory and correct or update the information as necessary. Requires that corrections and updates, except as provided by Subsection (e), if any, be made not less than once each month.

(e) Requires the health benefit plan issuer to conspicuously display in the directory required by Section 1451.504, Insurance Code, an e-mail address and a toll-free telephone number to which any individual may report any inaccuracy in the directory. Requires the issuer to investigate the report and correct the information, as necessary, not later than the seventh day after the date the report is received if the issuer receives a report from any person that specifically identified directory information may be inaccurate.

SECTION 3. Requires the commissioner to adopt rules as required by Section 1369.0543, Insurance Code, as added by this Act, not later than January 1, 2016.

SECTION 4. Provides that this Act applies only to a health benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2016. Makes application of this Act prospective to January 1, 2016.

SECTION 5. Effective date: September 1, 2015.