

BILL ANALYSIS

C.S.H.B. 3024
By: Guerra
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that dentistry has seen a decrease in the number of private pay patients and an increase in the number of patients covered by dental insurance. Dental patients are often covered by two or more separate insurance policies that provide for dental expenses, creating conflict between the insurance policies and the dentist. C.S.H.B. 3024 seeks to provide for the coordination of benefits between the separate providers and to allow dental patients to fully benefit from coverage.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3024 amends the Insurance Code to prohibit an insurance policy that provides benefits for dental expenses from being delivered, issued for delivery, or renewed in Texas if a provision of the policy excludes or reduces the payment of benefits for dental expenses to or on behalf of an insured, if the reason for the exclusion or reduction is that dental benefits are payable or have been paid to or on behalf of the insured under another insurance policy, and if the exclusion or reduction would apply before the full amount of the dental expenses incurred by the insured and covered by both policies have been paid or reimbursed or the full amount of the applicable policy limit of the policy containing the exclusion or reduction is reached. The bill specifies that a provision of an insurance policy that violates such conditions is void.

C.S.H.B. 3024 makes its provisions regarding dental insurance applicable only if an insured is covered by at least two different insurance policies and each policy provides the insured dental benefits. The bill establishes that the primary insurer, as determined under a coordination of benefits provision applicable to the policies, is responsible for dental expenses covered under the insurance policy issued by the primary insurer up to the full amount of any policy limit applicable to the covered dental expenses. The bill establishes that the secondary insurer, before the policy limit is reached, is responsible only for dental expenses covered under the insurance policy issued by the secondary insurer that are not covered under the policy issued by the primary insurer. The bill establishes that the secondary insurer, after the policy limit has been reached and in addition to the secondary insurer's responsibility to cover other certain dental expenses, is responsible for any dental expenses covered by both policies that exceed the policy limit.

C.S.H.B. 3024 makes its provisions regarding dental insurance applicable to certain insurance policies offered by specified types of insurers. The bill exempts from those provisions a separate

dental policy that exclusively provides a non-coordinated, fixed indemnity benefit, regardless of expenses incurred paid directly to the policyholder or to the provider under an assignment of benefits provision. The bill applies only to an insurance policy delivered, issued for delivery, or renewed on or after January 1, 2016.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3024 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Chapter 1203, Insurance Code, is amended by adding Subchapter B to read as follows:

SUBCHAPTER B. DENTAL INSURANCE
Sec. 1203.051. APPLICABILITY OF SUBCHAPTER. This subchapter applies only to an insurance policy that provides benefits for dental expenses, including an individual, group, blanket, or franchise insurance policy or insurance agreement, or a group hospital service contract, that is offered by:

- (1) an insurance company;
- (2) a group hospital service corporation operating under Chapter 842;
- (3) a fraternal benefit society operating under Chapter 885;
- (4) a stipulated premium company operating under Chapter 884;
- (5) a reciprocal exchange operating under Chapter 942; or
- (6) a Lloyd's plan operating under Chapter 941.

Sec. 1203.052. COORDINATION OF BENEFITS BETWEEN PRIMARY AND SECONDARY PROVIDER. (a) This section applies if:

- (1) an insured is covered by at least two different insurance policies; and
 - (2) each policy provides the insured dental benefits.
- (b) The primary insurer, as determined

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Chapter 1203, Insurance Code, is amended by adding Subchapter B to read as follows:

SUBCHAPTER B. DENTAL INSURANCE
Sec. 1203.051. APPLICABILITY OF SUBCHAPTER; EXCEPTION. (a) This subchapter applies only to an insurance policy that provides benefits for dental expenses, including, except as provided by Subsection (b), an individual, group, blanket, or franchise insurance policy or insurance agreement, or a group hospital service contract, that is offered by:

- (1) an insurance company;
- (2) a group hospital service corporation operating under Chapter 842;
- (3) a fraternal benefit society operating under Chapter 885;
- (4) a stipulated premium company operating under Chapter 884;
- (5) a reciprocal exchange operating under Chapter 942; or
- (6) a Lloyd's plan operating under Chapter 941.

(b) This subchapter does not apply to a separate dental policy that exclusively provides a non-coordinated, fixed indemnity benefit, regardless of expenses incurred paid directly to the policyholder or to the provider under an assignment of benefits provision.

Sec. 1203.052. COORDINATION OF BENEFITS BETWEEN PRIMARY AND SECONDARY INSURERS. (a) This section applies if:

- (1) an insured is covered by at least two different insurance policies; and
 - (2) each policy provides the insured dental benefits.
- (b) The primary insurer, as determined

under a coordination of benefits provision applicable to the policies, is responsible for dental expenses covered under the insurance policy issued by the primary insurer up to the full amount of the applicable policy limit.

(c) Before the policy limit described by Subsection (b) is reached, the secondary insurer, as determined under a coordination of benefits provision applicable to the policies, is responsible only for dental expenses covered under the insurance policy issued by the secondary insurer that are not covered under the policy issued by the primary insurer.

(d) After the policy limit described by Subsection (b) has been reached, the secondary insurer, in addition to the responsibility described by Subsection (c), is responsible for any dental expenses covered by both policies that exceed the policy limit described by Subsection (b), up to the full amount of the applicable policy limit of the insurance policy issued by the secondary insurer.

Sec. 1203.053. CERTAIN COORDINATION OF BENEFITS PROVISIONS PROHIBITED.

Sec. 1203.054. CERTAIN COORDINATION OF BENEFITS PROVISIONS VOID.

SECTION 2. Chapter 1203, Insurance Code, is amended.

SECTION 3. Section 1203.001, Insurance Code, is amended.

SECTION 4. The change in law made by this Act applies only to an insurance policy that is delivered, issued for delivery, or renewed on or after January 1, 2016. A policy delivered, issued for delivery, or renewed before January 1, 2016, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2015.

under a coordination of benefits provision applicable to the policies, is responsible for dental expenses covered under the insurance policy issued by the primary insurer up to the full amount of any policy limit applicable to the covered dental expenses.

(c) Before the policy limit described by Subsection (b) is reached, the secondary insurer, as determined under a coordination of benefits provision applicable to the policies, is responsible only for dental expenses covered under the insurance policy issued by the secondary insurer that are not covered under the policy issued by the primary insurer.

(d) After the policy limit described by Subsection (b) has been reached, the secondary insurer, in addition to the responsibility described by Subsection (c), is responsible for any dental expenses covered by both policies that exceed the policy limit described by Subsection (b).

Sec. 1203.053. CERTAIN COORDINATION OF BENEFITS PROVISIONS PROHIBITED.

Sec. 1203.054. CERTAIN COORDINATION OF BENEFITS PROVISIONS VOID.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.

SECTION 5. Same as introduced version.