HOUSE RESEARCH ORGANIZATION bill analysis | 5/3/2001 | HB 2498 Haggerty, et al. (CSHB 2498 by Averitt)

SUBJECT: Authorizing crossborder health-care plans

COMMITTEE: Insurance — committee substitute recommended

VOTE: 5 ayes — Smithee, Averitt, Burnam, Olivo, Seaman

0 nays

4 absent — Eiland, G. Lewis, Moreno, Thompson

WITNESSES: For — None

Against — None

On — Kim Stokes, Texas Department of Insurance

BACKGROUND: The Health Maintenance Organization Act (Insurance Code, sec. 20A) governs the activities of HMOs in Texas. By definition, the statute applies only to policies in Texas.

DIGEST: CSHB 2498 would allow an HMO to offer a plan that exclusively used physicians, providers, and other HMOs in Mexico. A person living in Texas within 62 miles of the border could enroll in such a crossborder health plan. The plan could limit its service area to Mexico, with only emergency services provided in the United States.

The U.S. HMO's delivery of health-care services would have to be based on Mexican standards for delivery of services and credentialing of health-care professionals. A physician or provider delivering services through the network would not have to be licensed in Texas. An employer could offer a crossborder plan to eligible employees only when employees could choose among two or more plans, one of which offered standard coverage in Texas. Crossborder health plans would have to meet standards for coverage and charges under the Texas HMO Act.

CSHB 2498 would take effect September 1, 2001.

SUPPORTERS SAY:

CSHB 2498 would provide a novel way for employers to offer health coverage to employees in the Texas-Mexico border region. While individuals may buy health insurance in Mexico, no mechanism exists for employer-sponsored plans.

The availability of crossborder health coverage would increase access to physicians along the border. This region has unique health-care delivery problems, ranging from an insufficient supply of medical professionals to language and cultural barriers. Allowing people to purchase health plans that provide access to Mexican physicians would increase access to medical professionals in that region.

The bill also would improve the affordability of health care in the border region. Because the cost of health care is significantly lower in Mexico than in the United States, crossborder plans could be less expensive for enrollees. People who could not afford a U.S. policy might be able to afford Mexican-based health coverage.

Crossborder health plans would reduce employers' cost of providing health coverage. Because these plans would be less expensive, more employers could afford to offer health coverage for their employees. Employers that already offer coverage in the United States could offer these plans and see their costs decrease.

This bill would help more people provide health coverage for their families. Many people living and working in the border region have immediate family living in Mexico. A crossborder health plan would allow them to obtain health coverage for those family members. Because many of those family members could become U.S. residents in the future, preventative health care administered in Mexico could benefit Texas.

In an environment of open relations with Mexico, it is unlikely that federal regulations would prohibit this type of trade. Although federal regulations could change in the future, that possibility should not preclude Texas from enacting programs that would benefit the border region.

OPPONENTS SAY:

CSHB 2498 would not expand consumers' options since they already can buy health insurance plans in Mexico. Also, health care in Mexico is so inexpensive that many people pay out of pocket. With costs significantly below those for similar services in the United States, people might not see a benefit in paying a monthly premium when they could afford to pay out of pocket for most services.

CSHB 2498 would reduce oversight of Texas HMOs. Even though the bill would require contracts and pricing to meet Texas standards, the quality of the network of physicians and other health-care services would not be subject to oversight.

Choosing a crossborder health plan would preclude a U.S. resident from using U.S. services except in an emergency. A person might be healthy when choosing the plan but later fall ill and require the services of a specialist or a prescription that was unavailable in Mexico. Under a crossborder plan, that person would not have access to needed U.S. health services.

This bill could conflict with federal statutes or regulations. Federal agencies with authority over U.S.-Mexico trade could preclude this type of commerce in the future, leaving U.S. residents without health coverage.

NOTES:

The bill's fiscal note estimates no net impact on state revenue. Although TDI would have to employ additional bilingual employees to regulate crossborder health policies, it is assumed that the agency would adjust fees to offset any implementation costs.

The committee substitute incorporated by reference a definition of "small employer" and "large employer."