

SUBJECT: Consumer report cards for comparing health plans

COMMITTEE: Insurance — committee substitute recommended

VOTE: 5 ayes — Smithee, T. Smith, Eiland, Martinez, Vo

3 nays — Taylor, Hancock, Woolley

1 absent — Thompson

WITNESSES: For — Patricia Kolodzey, Texas Hospital Association; Arlo Weltge, Texas Medical Association; (*Registered, but did not testify*: Tom Banning, Texas Academy of Family Physicians; Rachel Fischer, Public Citizen; Jaime Ronderos, M.D., Pinnacle Anesthesia)

Against — Mike Pollard, Texas Association of Life and Health Insurers; Jared Wolfe, Texas Association of Health Plans; (*Registered, but did not testify*: Lee Manross, Texas Association of Health Underwriters; Pati McCandless, Unicare; Shannon Meroney, Aetna; John Oates, CIGNA Healthcare; Charles Stuart, Blue Cross and Blue Shield of Texas)

On — Douglas Danzeiser, Texas Department of Insurance

DIGEST: CSHB 2329 would require the Texas Department of Insurance (TDI) to develop annual report cards for preferred provider benefit plans and health maintenance organizations (HMOs).

The report cards would have to include:

- a premium to direct patient care score;
- a network adequacy score;
- a claims paid score;
- an allowable cap score;
- an expected profit score;
- the number of persons covered for each plan;
- total premiums earned; and
- the number of justified complaints.

TDI would have to ensure that the report cards were accessible to the public on the TDI website. TDI would provide report cards to members of the House and Senate committees that had jurisdiction over issues covering health or insurance, members of the public who submitted written requests, and public libraries throughout the state. TDI would have to issue a press release when the report cards were issued.

The report cards would contain a plain-language explanation of the scores that was understandable to the average layperson. The commissioner would have the authority to adopt rules to implement this requirement, including rules governing the filing of financial reports or other information necessary for the annual report cards.

TDI and the Office of Public Insurance Counsel (OPIC) jointly would develop and issue the HMO annual report card, and OPIC would have access to information about HMOs gathered by TDI for the report cards.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

**SUPPORTERS  
SAY:**

CSHB 2329 would help consumers and employers shopping for health insurance by requiring TDI to report more useful and consumer-friendly information than is available under current law. Most of the information currently available to consumers about health insurance plans concerns whether a preferred provider organization or HMO is meeting its statutory and regulatory requirements, including solvency requirements. This information is not particularly helpful to consumers or employers shopping for health insurance.

**OPPONENTS  
SAY:**

CSHB 2329 would require TDI to compile and report information that would be more important to doctors and other health care providers than it would be to consumers. Few consumers are concerned about an insurer's "allowable cap score," defined in the bill as "the aggregate percentage margin between the amount submitted on claims by non-contracted physicians or providers and an HMO's allowable reimbursement amount." The list of information that would be reported would be a compendium of provider complaints against health insurance plans rather than information that would be of use to consumers and employers.

There already are annual state and national consumer report cards on health insurance plans that are much more useful and user-friendly. There is no need to expend additional state resources on this effort.

NOTES:

The companion bill, SB 1355 by Carona, is pending in the Senate State Affairs Committee.