

- SUBJECT:** Registration and regulation of discount health plans
- COMMITTEE:** Public Health — committee substitute recommended
- VOTE:** 8 ayes — Delisi, Jackson, Cohen, Coleman, Gonzales, S. King, Olivo, Truitt
- 0 nays
- 1 absent — Laubenberg
- WITNESSES:** For — Allen Erenbaum, Consumer Health Alliance; Patricia Kolodzey, Texas Hospital Association; (*Registered, but did not testify*: Ed Berger, SETON Family of Hospitals; Greg Herzog, Texas Medical Association; Gerald Hill, SETON Family of Hospitals; Mazie M. Jamison, Children’s Medical Center Dallas; Gabriela Moreno, CHRISTUS Health; Barbara Williams, Consumer Health Alliance; Chris Yanas, University Health System
- Against — None
- On — Brian Davis, International Association of Benefits; William N. Kuntz Jr., Texas Department of Licensing and Regulation; Jared Wolfe, Texas Association of Health Plans; Kristie Zamrazil, Texas Pharmacy Association; (*Registered, but did not testify*: Douglas Danzersen, Texas Department of Insurance)
- BACKGROUND:** Discount health care programs began operating some 15 or 20 years ago, primarily to offer access at discounted rates to particular ancillary health care services not typically covered by insurance plans, such as those involving dental, pharmacy, vision, chiropractic, and hearing services and products. Discount health programs serve more than two million customers in Texas, although the state does not regulate or register discount health care programs.
- DIGEST:** CSHB 3064 would amend the Health and Safety Code to authorize the Texas Department of Licensing and Regulation (TDLR) to register and oversee discount health care programs, including the ability to collect fees and provide disciplinary action and penalties.

The bill would require a program operator to have a \$50,000 surety bond and specified written contracts with discount programs. Further, it would establish requirements for disclosure materials to customers and for advertisements, solicitations, and marketing. CSHB 3064 would authorize TDLR to suspend or revoke registrations and would grant the consumer protection division of the Office of the Attorney General the authority to impose civil penalties, as well as injunctive relief. A civil penalty could not exceed \$2,500 for each violation. In addition, the bill would give the consumer protection division the ability to seek remedies under the Deceptive Trade Practices Act.

The bill would take effect September 1, 2007.