

SUBJECT: Insurance requirements for certain nonemergency medical transportation

COMMITTEE: Insurance — committee substitute recommended

VOTE: 9 ayes — Phillips, Muñoz, R. Anderson, Gooden, Oliverson, Paul,
Sanford, Turner, Vo

0 nays

WITNESSES: For — (*Registered, but did not testify:* Joe Woods, Property Casualty Insurers Association of America; Amanda Martin, Texas Association of Business; Jamie Dudensing, Texas Association of Health Plans; Bryan Hebert, Veyo Logistics)

Against — (*Registered, but did not testify:* Christine Ybarra, Association of Community Transit of Texas)

On — (*Registered, but did not testify:* Jami Snyder, Health and Human Services Commission; Marianne Baker, Texas Department of Insurance)

BACKGROUND: In 2015, HB 1733 by Smithee created Insurance Code, ch. 1954, which lays out insurance requirements for transportation network companies (TNCs). Specifically, sec. 1954.052 requires either the TNC or the TNC driver to maintain automobile insurance in excess of normal requirements when a driver is logged in but not engaged in a prearranged ride.

The definition of "transportation network company" in sec. 1954.001 explicitly excludes an entity arranging nonemergency medical transportation (NEMT) under a contract with the state or a managed care organization for Medicaid or Medicare recipients. Some observers have noted that this exclusion impacts some NEMTs that operate on the TNC business model, creating a gap period between insurance coverages when a driver is logged on to the network but not yet engaged in a ride.

DIGEST: CSHB 2501 would remove from the definition of transportation network company language excluding an entity providing nonemergency medical

transportation (NEMT) under a contract with the state or a managed care organization for Medicaid or Medicare recipients.

Instead, the bill would provide that the insurance requirements did not apply to such an entity arranging NEMT unless the entity:

- connected riders and drivers through a digital network;
- contracted individually with each driver; and
- otherwise met all requirements under the Medicaid or Medicare program for delivery of NEMT services.

The bill would take effect September 1, 2017.

NOTES:

A companion bill, SB 2222 by Creighton, was referred to the Senate Committee on Business and Commerce on March 29.