

## **BILL ANALYSIS**

Senate Research Center  
76R13104 AJA-D

C.S.S.B. 377  
By: Nelson  
Health Services  
4/21/1999  
Committee Report (Substituted)

### **DIGEST**

Currently, Texas, which has over 60 mandates, leads the nation in the total number of health insurance mandates. Health insurance mandates are laws which require insurers and managed care plans to provide specific benefits, treatments, or reimbursement to certain health care providers. These mandates drive up health insurance costs, and for every one percent increase in premiums, 16,000 Texans lose health insurance coverage. C.S.S.B. 377 requires the comptroller to perform cost-benefit studies of health care benefit mandates, and requires the commissioner of insurance to adopt rules to implement a health care benefit mandate.

### **PURPOSE**

As proposed, C.S.S.B. 377 creates review requirements for health care benefit mandates, and authorizes the commissioner of insurance to adopt rules to implement a health care benefit mandate.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Article 3.97-6. (a), Insurance Code), and to the house of representatives and the senate in SECTION 1 (Article 3.97-3(a), Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 3, Insurance Code, by adding Subchapter K, as follows:

#### **SUBCHAPTER K. REVIEW AND IMPLEMENTATION OF HEALTH CARE BENEFIT MANDATES**

Art. 3.97-1. APPLICATION OF SUBCHAPTER. Sets forth entities which offer health benefit plans that are subject to the regulations of this subchapter. Sets forth plans and policies to which this subchapter does not apply.

Art. 3.97-2. DEFINITIONS. Defines “health benefit plan,” “health care benefit mandate,” (HC mandate) and “offer of coverage mandate.”

Art. 3.97-3. ANALYSIS BY COMPTROLLER. Authorizes certain authorities to request that the comptroller provide a written analysis of a proposed HC mandate. Authorizes the house of representatives and the senate to adopt rules establishing procedures for requesting and considering an analysis. Requires the comptroller to analyze the existing or proposed HC mandate, and sets forth required considerations of the analysis.

Art. 3.97-4. REPORT ON EXISTING HEALTH CARE BENEFIT MANDATES. Requires the comptroller to review and analyze HC mandates by their effective date of January 1, 2001. Requires the comptroller to issue a written report of the comptroller’s findings and distribute the report to certain authorities, and requires the publication of the report on the Internet. Provides that this article expires December 31, 2001.

Art. 3.97-5. ASSESSMENTS. Requires the comptroller to determine a rate of assessment by January 1, each year. Sets forth requirements for the payment of an assessment, and sets forth premiums or gross revenues which are not included. Provides that the required assessment is in addition to other imposed taxes, and is not in conflict with this article. Requires the comptroller

to adjust the rate of assessments annually, as necessary to pay for certain expenses. Sets forth requirements for the deposit of and spending of assessments collected under this article. Provides that this article expires September 1, 2003.

Art. 3.97-6. IMPLEMENTATION BY COMMISSIONER. Requires the commissioner of insurance to strictly construe an HC mandate, and to adopt rules to implement an HC mandate in strict compliance with Texas and federal law. Requires the commissioner of insurance to consider the comptroller's analysis in adopting rules, and to prepare an HC mandate prior to publishing rules which implement the mandate.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.

### **SUMMARY OF COMMITTEE CHANGES**

#### SECTION 1.

Adds a new Article 3.97-1, Insurance Code, regarding the application of this subchapter, and redesignates subsequent articles.

Amends Article 3.97-2, Insurance Code, to redefine "health benefit plan" to mean a plan to which this subchapter applies.

Amends Article 3.97-3, Insurance Code, to authorize, rather than require, the comptroller to provide a written analysis, grant rulemaking authority to the house of representatives and the senate, and make nonsubstantive changes.

Amends Article 3.97-4, Insurance Code, to make conforming changes.

Amends Article 3.97-5, Insurance Code, to delete the proposed section regarding assessments and add new text specifying the comptroller's role in determining the rate of assessment to cover the analysis and preparation of the required written analysis.