

## BILL ANALYSIS

Senate Research Center  
77R4991 PB-D

S.B. 415  
By: Carona  
Health & Human Services  
1/31/2001  
As Filed

### DIGEST AND PURPOSE

Currently, any Texas health care provider may participate in the Texas Medical Liability Insurance Underwriting Association. As proposed, S.B. 415 includes for-profit nursing homes in the list of health care providers, thereby allowing a for-profit nursing home to participate. It also ensures that if in any fiscal year the losses and expenses from a single health care provider result in a net underwriting loss and exceed a certain percentage of the stabilization reserve fund, the commissioner of insurance may direct the initiation or continuation of the charge for physicians or that category of health care provider until the fund recovers the relevant amount.

### RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2(6), Article 21.49-3, Insurance Code, to redefine "health care provider."

SECTION 2. Amends Section 4(b)(1), Article 21.49-3, Insurance Code, to authorize the commissioner of insurance, the commissioner's deputies, or the State Board of Insurance, as appropriate (commissioner), rather than the State Board of Insurance of the State of Texas, to require that certain information be considered in the subjecting of certain matters to Chapter 5B. Provides that for purposes of this article, rates, rating plans, rating rules, rating classifications, territories, and policy forms for for-profit nursing homes are subject to the requirements of Article 5.15-1 of this code to the same extent as not-for-profit nursing homes.

SECTION 3. Amends Section 4A, Article 21.49-3, Insurance Code, as follows:

- (d) Requires that collections of the stabilization reserve fund charge continue only until such time as the net balance of the fund reaches a certain sum, except as provided by Subsection (e) of this section.
- (e) Authorizes the commissioner by order, if in any fiscal year the incurred losses and defense and cost-containment expenses from physicians or any single category of health care provider result in a net underwriting loss and exceed 25 percent of the stabilization reserve fund, as valued for that year, to direct the initiation or continuation of the stabilization reserve fund charge for physicians or that category of health care provider until the fund recovers the amount by which those losses and cost-containment expenses exceed 25 percent of the fund.

Makes conforming changes.

SECTION 4. Makes application of Section 2 and 4, Article 21.49-3, Insurance Code, as amended by this Act, prospective to January 1, 2002.

SRC-JEC S.B. 415 77(R)

SECTION 5. Effective date: September 1, 2001.