

BILL ANALYSIS

Senate Research Center
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S.B. 805
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DIGEST AND PURPOSE

Currently, if an employee is disabled by a physical condition, long-term disability insurance will provide benefits until that person obtains that age of 65 while if that same person is disabled by a mental condition, benefits are available for only 24 months. As proposed, S.B. 805 amends the Insurance Code to ensure mental health parity in long-term disability insurance.

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 Chapter 21E, Insurance Code, by adding Article 21.530, as follows,

Art. 21.530. PARITY IN CERTAIN DISABILITY INSURANCE BENEFITS

Sec. 1. APPLICATION. Provides that this article applies to a disability insurance policy or plan issued under certain policies.

Sec. 2. PARITY IS COVERAGE REQUIRED. (a) Prohibits an insurance policy or evidence of coverage subject to this article from being delivered, issued for delivery, or renewed in this state if the terms of the policy or evidence of coverage exclude or reduce the payment of benefits to or on behalf of an insured or enrollee because of a mental illness, disease, or disorder, unless that exclusion or limitation is equally applicable to all other physically disabling conditions. Requires that each disability policy or plan subject to this article to provide parity in benefits for mental and physical disabilities.

(b) Provides that a provision in an insurance policy or evidence of coverage that violates this section is void.

Sec. 3. VIOLATION; PENALTY. (a) Provides that a violation of this article is an unfair and deceptive act or practice in the business of insurance for purposes of Article 21.21 of this code and is subject to the sanctions and penalties imposed under that article.

(b) Approval by the Commissioner of Insurance (commissioner) of the policy or product form or other form used by the policy or plan issuer under any law of this state, including Article 3.42 of this code or Section 9, Texas Health Maintenance Organization Act (Article 20A.09, V.T.I.C.), is not a defense to an action brought under Article 21.21 of this code with respect to a violation of this article.

SECTION 2. Makes application of this Act prospective, to January 1, 2002.

SECTION 3. Effective date: September 1, 2001.

