

## **BILL ANALYSIS**

Senate Research Center  
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S.B. 1430  
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State Affairs  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Health insurers offering health plan coverage in Texas desire additional options to offer lower cost health plans to employers and individual consumers. Currently, Texas law does not allow for an exclusive provider organization or EPO plan. An EPO plan is a health plan offered by a health insurance company with a closed network. An EPO plan is similar to a health maintenance organization plan where only services provided by network providers are covered, with the exception of emergency services and out of network services provided when no network provider is available. S.B. 1430 amends the Insurance Code chapter on preferred provider benefit plans by adding an option for insurers to offer an EPO plan.

As proposed, S.B. 1430 amends current law relating to the regulation of certain exclusive provider benefit plans.

### **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 1273.001(4), Insurance Code, to redefine "point-of-service plan."

SECTION 2. Amends Section 1301.001, Insurance Code, by amending Subdivision (1) and adding Subdivision (1-a), to define "exclusive provider benefit plan" and to make a nonsubstantive change.

SECTION 3. Amends Section 1301.003, Insurance Code, as follows:

Sec. 1301.003. **PREFERRED PROVIDER BENEFIT PLANS AND EXCLUSIVE PROVIDER BENEFIT PLANS PERMITTED.** Provides that a preferred provider benefit plan or an exclusive provider benefit plan that meets the requirements of this chapter, rather than a health insurance policy that provides different benefits from the basic level of coverage for the use of preferred providers and that meets the requirements of this chapter, is not:

- (1) unjust under Chapter 1701 (Policy Forms);
- (2) unfair discrimination under Subchapter A (General Prohibitions Against Discrimination by an Insurer or Health Maintenance Organization), or B (Other General Prohibitions Against Discrimination by Insurers), Chapter 544 (Prohibited Discrimination); or
- (3) a violation of Subchapter B (Designation of Practitioners Under Accident and Health Insurance Policy) or C (Selection of Practitioners), Chapter 1451 (Access to Certain Practitioners and Facilities).

SECTION 4. Amends Section 1301.0041, Insurance Code, as follows:

Sec. 1301.0041. **APPLICABILITY.** (a) Creates this subsection from existing text. Provides that, except as otherwise specifically provided by this chapter, this chapter applies to each preferred provider benefit plan, rather than any preferred provider benefit plan, in which an insurer provides, through the insurer's health insurance policy, for the payment of a level of coverage that is different from the basic level of coverage provided by the health insurance policy if the insured uses a preferred provider. Makes a nonsubstantive change.

(b) Provides that, unless otherwise specified, an exclusive provider benefit plan is subject to this chapter in the same manner as a preferred provider benefit plan.

**SECTION 5.** Amends Subchapter A, Chapter 1301, Insurance Code, by adding Section 1301.0042, as follows:

Sec. 1301.0042. **APPLICABILITY OF INSURANCE LAW.** Provides that a provision of this code or another insurance law of this state that applies to a preferred provider benefit plan applies to an exclusive provider benefit plan to the extent that the commissioner of insurance (commissioner) determines the provision to be consistent with the function and purpose of an exclusive provider benefit plan.

**SECTION 6.** Amends Section 1301.0045, Insurance Code, as follows:

Sec. 1301.0045. **CONSTRUCTION OF CHAPTER.** (a) Creates this subsection from existing text. Prohibits this chapter, except as provided by Section 1301.0046, from being construed to limit the level of reimbursement or the level of coverage, including deductibles, copayments, coinsurance, or other cost-sharing provisions, that are applicable to preferred providers or, for plans other than exclusive provider benefit plans, nonpreferred providers.

(b) Prohibits this chapter, except as provided by Section 1301.155 (Emergency Care), from being construed to require an exclusive provider benefit plan to compensate a nonpreferred provider for services provided to an insured.

**SECTION 7.** Amends Section 1301.0046, Insurance Code, as follows:

Sec. 1301.0046. **COINSURANCE REQUIREMENTS FOR SERVICES OF NONPREFERRED PROVIDERS.** Prohibits the insured's coinsurance applicable to payment to nonpreferred providers from exceeding 50 percent of the total covered amount applicable to the medical or health care services. Provides that this section does not apply to an exclusive provider benefit plan.

**SECTION 8.** Amends Section 1301.005, Insurance Code, by adding Subsection (d) to provide that this section does not apply to an exclusive provider benefit plan.

**SECTION 9.** Provides that the change in law made by this Act applies only to an exclusive provider benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2012. Provides that an exclusive provider benefit plan that is delivered, issued for delivery, or renewed before January 1, 2012, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

**SECTION 10.** Effective date: September 1, 2011.