

BILL ANALYSIS

Senate Research Center

S.B. 1852
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Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2003, the Texas Legislature passed S.B. 541, which created Consumer Choice Plans. These plans allowed insurers and health maintenance organizations to offer policies that, in whole or in part, did not provide state-mandated health benefits, but rather gave consumers (often small employers) the ability to choose which health insurance mandates are added to their policy, offering a lower-cost option.

In Consumer Choice Plans, carriers are required to notify consumers if they are purchasing a consumer choice plan, identify the benefits that have been limited, and receive a signature acknowledgement at the inception of the policy and upon the renewal of the policy. Often obtaining a signature on renewal of a policy, which is often done via e-mail or a phone conversation with an agent, can be difficult.

S.B. 1852 removes the requirement for signature upon each policy renewal to ease the administrative burden currently borne by businesses which participate in the Consumer Choice Insurance Plans. The disclosures will still be provided to the consumers to keep employees informed. (Original Author's/Sponsor's Statement of Intent)

S.B. 1852 amends current law relating to disclosures required in connection with the issuance of certain health benefit plans.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 3 (Section 1509.002, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1507.006(b), Insurance Code, as follows:

(b) Requires each applicant for initial coverage, rather than each applicant for initial coverage and each policyholder on renewal of coverage, to sign the disclosure statement provided by the health carrier under Subsection (a) (relating to certain disclosure required of a provider of a standard health benefit plan) and return the statement to the health carrier.

SECTION 2. Amends Section 1507.056(b), Insurance Code, as follows:

(b) Requires each applicant for initial enrollment, rather than each applicant for initial enrollment and each contract holder on renewal, to sign the disclosure statement provided by the health maintenance organization under Subsection (a) (relating to certain disclosure required of a health maintenance organization providing a standard health benefit plan) and return the statement to the health maintenance organization.

SECTION 3. Amends Subtitle G, Title 8, Insurance Code, by adding Chapter 1509, as follows:

CHAPTER 1509. SHORT-TERM LIMITED-DURATION INSURANCE

Sec. 1509.001. DEFINITION. Defines "short-term limited-duration insurance" for purposes of this chapter.

Sec. 1509.002. POLICY DISCLOSURE FORM. (a) Requires the commissioner of insurance (commissioner) by rule to prescribe a disclosure form to be provided with a short-term limited-duration insurance policy and application.

(b) Requires the disclosure form to be in an easily readable font at least 14-point in size and include:

(1) the duration of coverage;

(2) a statement:

(A) of the number of times the policy may be renewed or that the policy may not be renewed, as applicable;

(B) that the expiration of short-term coverage is not a qualifying life event that would make a person eligible for a special enrollment period; and

(C) that the policy may expire outside of the open enrollment period;

(3) to the extent the information is available, the dates of the next three open enrollment periods under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) following the date the policy expires;

(4) whether the policy contains any limitations or exclusions to preexisting conditions;

(5) the maximum dollar amount payable under the policy;

(6) the deductibles under the policy and the health care services to which the deductibles apply;

(7) whether the following health care services are covered, including:

(A) prescription drug coverage;

(B) mental health services;

(C) substance abuse treatment;

(D) maternity care;

(E) hospitalization;

(F) surgery;

(G) emergency health care; and

(H) preventive health care; and

(8) any other information the commissioner determines is important for a purchaser of a short-term limited-duration insurance policy.

(c) Requires an insurer issuing a short-term limited-duration insurance policy to adopt procedures in accordance with commissioner rule to obtain a signed form from the insured acknowledging receipt of the disclosure form described by this

section. Requires the rule to allow for electronic acknowledgment. Requires the insurer to retain an acknowledgment form until the fifth anniversary of the date the insurer receives the form, and requires the insurer to make the form available to the Texas Department of Insurance on request.

SECTION 4. Makes application of Chapter 1507, Insurance Code, as amended by this Act, prospective.

SECTION 5. Requires the commissioner, not later than January 1, 2020, to prescribe the disclosure form required by Section 1509.002, Insurance Code, as added by this Act.

SECTION 6. Makes application of Chapter 1509, Insurance Code, as added by this Act, prospective to January 1, 2020.

SECTION 7. Effective date: September 1, 2019.