

BILL ANALYSIS

Senate Research Center
88R21664 CJD-F

H.B. 2414
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Health & Human Services
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In order to have a well-functioning health care market, patients must be engaged. Patients should be rewarded for choosing lower-cost, higher-quality care. Currently, patients have no incentive to shop for lower-cost care because they often pay the same amount regardless of which provider they choose. The Texas Department of Insurance's interpretation of current law has made it illegal for insurance plans to reward enrollees who shop for low-cost, high-quality care. H.B. 2414 seeks to allow insurance plans to provide incentives to patients for choosing lower-cost providers.

H.B. 2414 amends current law relating to certain practices of a health maintenance organization or insurer to encourage the use of certain physicians and health care providers.

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 Subchapter I, Chapter 843, Insurance Code, by adding Section 843.322, as follows:

Sec. 843.322. INCENTIVES TO USE CERTAIN PHYSICIANS OR PROVIDERS. (a) Authorizes a health maintenance organization to provide incentives for enrollees to use certain physicians or providers through modified deductibles, copayments, coinsurance, or other cost-sharing provisions.

(b) Provides that a health maintenance organization that encourages an enrollee to obtain a health care service from a particular physician or provider, including offering incentives to encourage enrollees to use specific physicians or providers, or that introduces or modifies a tiered network plan or assigns physicians or providers into tiers, has a fiduciary duty to the enrollee or group contract holder to engage in that conduct only for the primary benefit of the enrollee or group contract holder.

SECTION 2. Amends Section 1301.0045(a), Insurance Code, to create an exception under Section 1301.0047.

SECTION 3. Amends Subchapter A, Chapter 1301, Insurance Code, by adding Section 1301.0047, as follows:

Sec. 1301.0047. INCENTIVES TO USE CERTAIN PHYSICIANS OR HEALTH CARE PROVIDERS. (a) Authorizes an insurer to provide incentives for insureds to use certain physicians or health care providers through modified deductibles, copayments, coinsurance, or other cost-sharing provisions.

(b) Provides that an insurer that encourages an insured to obtain a health care service from a particular physician or health care provider, including offering

incentives to encourage insureds to use specific physicians or providers, or that introduces or modifies a tiered network plan or assigns physicians or providers into tiers, has a fiduciary duty to the insured or policyholder to engage in that conduct only for the primary benefit of the insured or policyholder.

SECTION 4. Effective date: September 1, 2023.