

SUBJECT: Alternative accreditation for health benefit plans

COMMITTEE: Insurance — favorable, without amendment

VOTE: 9 ayes — Smithee, Seaman, Eiland, Isett, B. Keffer, Oliveira, Taylor,  
Thompson, Van Arsdale

0 nays

SENATE VOTE: On final passage, March 30 — 30-0

WITNESSES: *(On House companion bill, HB 978 by Eiland:)*  
For — Pati McCandless, UniCare, Texas Association of Health Plans;  
Leah Rummel, Texas Association of Health Plans

Against — None

BACKGROUND: Health plans are regulated by the Texas Department of Insurance (TDI) and are required to obtain authorization before issuing policies in the state. TDI performs an extensive review and evaluation of a plan's compliance with state statutory and regulatory requirements prior to granting authorization.

The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and other national organizations inspect and review health care insurers based on a standardized set of safety and quality indicators and industry best practices. Many insurers seek accreditation from an outside organization as an assurance of quality to potential subscribers and for reinsurance purposes.

DIGEST: SB 155 would establish that a health plan with national accreditation or one that offered a Medicaid managed care plan or a plan under contract with the federal Centers for Medicare and Medicaid Services would be in compliance with state statutory and regulatory requirements for health plans.

To use a national accreditation report in lieu of TDI evaluation, TDI could require the plan to submit the report. It would be confidential and not

subject to subpoena and would have limited internal distribution. Summary results would not be considered proprietary information and would be subject to open records law.

The bill would require TDI to monitor the national accreditation organizations' standards to ensure that they were at least as stringent as the state's statutory and regulatory requirements.

Plans under contract with the Health and Human Services Commission to offer Medicaid or Children's Health Insurance Plans also could present national accreditation in lieu of review for compliance under those programs.

The bill would not limit or prohibit the enforcement of laws relating to a violation of contract or operation of a health plan.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS  
SAY:**

SB 155 would streamline the process by which health plans show compliance with state statutory and regulatory requirements. Instead of TDI's duplicating the reviews performed by third parties, it would designate which national accreditations were equivalent to a TDI review and accept them as proof of compliance.

The bill would not reduce the state's oversight of any health plan. TDI still would conduct ongoing reviews to ensure compliance. Also, the state still would establish the minimum requirements, which the accreditation standards would not replace.

**OPPONENTS  
SAY:**

No apparent opposition.

**NOTES:**

The House companion bill, HB 978 by Eiland, was left pending in the House Insurance Committee on March 21.