

SUBJECT: Removing the requirement to sign health plan disclosures on renewal

COMMITTEE: Insurance — favorable, without amendment

VOTE: 7 ayes — Lucio, G. Bonnen, Julie Johnson, Lambert, Paul, C. Turner, Vo
0 nays
2 absent — Oliverson, S. Davis

SENATE VOTE: On final passage, April 17 — 31-0, on Local and Uncontested Calendar

WITNESSES: *On House companion bill, HB 1903:*
For — Jennifer Cawley, Texas Association of Life and Health Insurers;
(*Registered, but did not testify:* Jamie Dudensing, Texas Association of
Health Plans; Shannon Meroney, Texas Association of Health
Underwriters)

Against — None

On — (*Registered, but did not testify:* Rachel Bowden, Texas Department
of Insurance)

BACKGROUND: Insurance Code sec. 1507.006(b) requires initial applicants for a standard health benefit plan and each policyholder on renewal of coverage to sign a disclosure statement provided by the health carrier and to return it to the carrier. Under a group policy or contract, the applicant is the employer.

Sec. 1507.056(b) requires initial applicants for a standard health benefit plan and each contract holder on renewal to sign a disclosure statement provided by the health maintenance organization and to return it to the organization. Under a group evidence of coverage, the applicant is the employer.

A disclosure statement under these sections of the Insurance Code has to:

- acknowledge that the standard health benefit plan being purchased does not provide some or all state-mandated health benefits;
- list those benefits not included in the plan; and
- provide a notice that purchase of the plan may limit an individual policy or certificate holder's future coverage options in the event the holder's health changes and needed benefits are not available under the standard health benefit plan.

Concerned parties have noted that requiring health carriers and health maintenance organizations to collect signatures on disclosure statements from every applicant during renewal is burdensome and unnecessary.

DIGEST: SB 1852 would remove the requirement for each policyholder and contract holder on renewal of coverage to sign the applicable disclosure statement provided by a health carrier or health maintenance organization.

The bill would take effect September 1, 2019, and would apply only to a policy or evidence of coverage delivered, issued for delivery, or renewed on or after the bill's effective date.