

BILL ANALYSIS

Senate Research Center

C.S.S.B. 387
By: Harris
Economic Development
3-3-97
Committee Report (Substituted)

DIGEST

Currently, there is no statewide standardized system of rating health maintenance organizations (HMOs) and preferred provider organizations (PPOs). Increasingly, consumers and employers in Texas are desiring reliable and comparable information to select among several health care plans. This bill directs the Office of Public Insurance Counsel to establish and implement a standardized rating system and annual consumer report cards to compare HMOs and PPOs.

PURPOSE

As proposed, C.S.S.B. 387 creates a rating system and a consumer report card for the comparison of health care plans.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 1, insurance Code, by adding Article 1.35A-1, as follows:

ARTICLE. 1.35A-1. HEALTH CARE PLAN REPORT CARDS

Sec. 1. DEFINITION. Defines "health maintenance organization."

Sec. 2. RATING SYSTEM. Requires the office of public insurance counsel (office) to establish a rating system to compare and evaluate the quality of health maintenance organizations (HMOs) and preferred provider organizations (PPOs). Requires the office to rely solely on data collected by Texas Department of Insurance (department) the Texas Health Care Information Council (council). Authorizes the office to enter into contracts as necessary to implement this section.

Sec. 3. CONSUMER REPORT CARD. Requires the office to develop consumer report cards on HMOs and PPOs that offer health benefit plans in this state which include certain information. Requires the office to update the consumer report card annually. Requires the consumer report card to be based solely on information from the department and the council and be composed of comprehensive and comparable information in a concise and easily understandable format to be readily available to the public. Authorizes the office to charge a reasonable fee for the distribution of the consumer report card. Requires the department to verify the proposed report card.

Sec. 4. CONFIDENTIALITY OF DATA AND INFORMATION. Requires the information collected by the office to be used for the benefit of the public. Provides that the office is subject to the open records law. Requires the office to make determinations on requests for information in favor of access. Entitle the office to have access to certain information. Prohibits the office from releasing certain data, but may disclose a summary of the information that does not directly or indirectly identify HMOs and PPOs that is the subject of the information. Prohibits the office from releasing certain information. Provides that information collected by the office is subject to confidentiality provisions and criminal penalties. Provides

that records on patients, physicians, and compilations, reports, or analyses produced from the data collected or received are not subject to legal compulsion or admissible in any civil, administrative or criminal proceeding. Authorizes the office to use zip code information to analyze data on a geographic basis.

Sec. 5. AUTHORITY. Provides that the public insurance counsel has powers and duties to administer and implement this article.

SECTION 2. Amends Article 1.35B(a), Insurance Code, to require the comptroller to collect assessments to defray the costs of administering the office's duties under Article 1.35A-1 of this code.

SECTION 3. Amends Chapter 1, Insurance Code, by adding Article 1.35E, as follows:

Art 1.35E. INFORMATION RELATING TO CERTAIN HEALTH BENEFIT PLANS; LIAISON TO OFFICE OF PUBLIC INSURANCE COUNSEL. Requires the department to provide information needed by the public insurance counsel and assist the office. Requires the commissioner to designate an employee of the department to serve as a liaison to the office.

SECTION 4. Amends Section 108.011(b), Health and Safety Code, to prohibit the council from producing reports in regard to HMOs.

SECTION 5. Amends Chapter 108, Health and Safety Code, by adding Section 108.016, as follows:

Sec. 108.016. INFORMATION RELATING TO CERTAIN HEALTH BENEFIT PLANS; LIAISON TO OFFICE OF PUBLIC INSURANCE COUNSEL. Requires the council to provide data to the public insurance counsel and assist the office. Requires the council to designate an employee of the council to serve as a liaison to the office.

SECTION 6. Requires the office to implement the rating system in Section 2(a), Article 1.35A-1, Insurance Code, as added by this Act, no later than September 1, 1998.

SECTION 7. Requires the public insurance counsel to report in writing to the governor and legislature on certain matters, by January 15, 1999.

SECTION 8. Makes application of this Act prospective to January 1, 1998.

SECTION 9. Effective date: September 1, 1997.

SECTION 10. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amends SECTION 1, Article 1.35A-1(1), Insurance Code, by defining "health maintenance organization."

Amends SECTION 1, Article 1.35A-1(2), Insurance Code, to provide for the rating system to include preferred provider organizations and requires the office to rely solely on data collected by the department and the council.

Amends SECTION 1, Article 1.35A-1(3), Insurance Code, to require the office to develop consumer report cards on HMOs and PPOs which offer health benefit plans in this state. Provides that the report cards must include an explanation of the availability of screening tests for certain diseases. Requires the office to update the consumer report annually. Requires the consumer report card to be based solely on information from the department and the council. Authorizes the office to charge a reasonable fee for the distribution of the consumer report card. Requires the department to verify the proposed report card. Makes nonsubstantive and conforming changes.

Amends SECTION 1, Article 1.35A-1(4), Insurance Code, to entitle the office to have access to

certain information. Prohibits the office from releasing certain data, but may disclose a summary of the information that does not directly or indirectly identify HMOs and PPOs that are the subject of the information. Prohibits the office from releasing certain information.

Amends SECTION 1, Article 1.35A-1(5), Insurance Code, to provide that the public insurance counsel has powers and duties to administer and implement this article.

Amends SECTION 2, Article 1.35B(a), Insurance Code, to require the comptroller to collect assessments to defray the costs of administering the office's duties under Article 1.35A-1 of this code.

Amends SECTION 3, by adding Article 1.35E, Chapter 1, Insurance Code, to require the department to provide information and assist the office. Requires the commissioner to designate an employee of the department to serve as a liaison to the office.

Adds SECTION 4, Section 108.011(b), Health and Safety Code, to prohibit the council to produce reports in regard to HMOs.

Adds SECTION 5, Chapter 108, Health and Safety Code, by adding Section 108.016, to require the council to provide data and assist the office. Requires the council to designate an employee of the council to serve as a liaison to the office.

Adds SECTION 6, to require the office to implement the rating system in Section 2, Article 1.35A-1(a), Insurance Code, as added by this Act, no later than September 1, 1998.

Adds SECTION 7, to require the public insurance counsel to report in writing to the governor and legislature on certain matters by January 15, 1999.

Adds SECTION 8, to make application of the change in law in Section 2 of this Act, apply only to an assessment made under Article 1.35B, Insurance Code, as amended by this Act, that initially becomes due on or after January 1, 1998.

Adds SECTION 9, previously SECTION 2.

Adds SECTION 10, previously SECTION 3.