BILL ANALYSIS

Senate Research Center

S.B. 976
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Economic Development
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As Filed

DIGEST

Currently, managed care organizations which issue managed care plans under Medicare risk-sharing contracts are not regulated under the Insurance Code. Medicare beneficiaries and providers may be confused regarding these plans, because Medicare beneficiaries may not be aware of the consequences of switching from traditional Medicare coverage to a Medicare risk plan. This bill requires managed care organizations to provide disclosures to prospective enrollees; requires the Department of Insurance to provide an ombudsman to assist Medicare recipients enrolled in managed care plans, and ensure that managed care organizations are in compliance with the law.

PURPOSE

As proposed, S.B. 976 requires managed care organizations to provide disclosures to prospective enrollees; requires the Department of Insurance to provide an ombudsman to assist Medicare recipients enrolled in managed care plans, and ensure that managed care organizations are in compliance with the law.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the commissioner of insurance in SECTION 1 (Section 10, Article 21.52G, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 21E, Insurance Code, by adding Article 21.52G, as follows:

Art. 21.52G.REQUIREMENTS FOR MANAGED CARE ORGANIZATIONS UNDER MEDICARE RISK-SHARING CONTRACTS

Sec. 1. DEFINITIONS. Defines "managed care organization," "managed care plan," "enrollee," "participating provider," "Medicare," and "risk-sharing contract."

Sec. 2. SCOPE OF ARTICLE. Provides that this article applies only to enrollment of a Medicare recipient in a managed care plan issued by a managed care organization that enters into a risk-sharing contract to provide certain health care services to Medicare recipients through that managed care plan.

Sec. 3. PRE-ENROLLMENT REQUIREMENTS. Requires the managed care organization as part of the application for enrollment in a managed care plan to require a prospective enrollee to provide information for the organization to determine whether the prospective enrollee's health care providers are participating providers in the plan. Requires the prospective enrollee to provide this information on a form prescribed by the commissioner of insurance (commissioner) that lists categories of health care providers. Requires the prospective enrollee to sign the form, and requires the organization to provide a copy of the signed form to the prospective enrollee. Requires the organization to provide to the prospective enrollee a document that states certain information by the 10th day after the date on which the managed care organization receives an application for enrollment. Prohibits a managed care organization from enrolling a prospective enrollee until the prospective enrollee signs a statement described by Subsection (d) of this section and returns the statement to the

organization. Requires the managed care organization to prepare the statement for the prospective enrollee and to attach an additional copy of the document provided to the prospective enrollee under Subsection (b) of this section to the statement. Requires the statement required by Subsection (c) of this section to be printed in 12-point or larger type and state that the prospective enrollee understands certain information about the plan. Requires a managed health care organization that violates this section to reimburse a health care provider for all health care services provided to an enrollee, regardless of whether the provider is a participating provider.

Sec. 4. NOTICE TO PROVIDERS. Requires an organization to provide to each health care provider listed by the enrollee under Section 3(a) of this article written notice of the enrollment and notice of the extent to which the plan will reimburse the provider for services provided to the new enrollees, by the 10th day after the date on which a managed care organization enrolls an enrollee in a managed care plan.

Sec. 5. DUTIES TO ENROLLEES. Requires a managed care organization to provide to an enrollee a sticker to attach to the enrollee's Medicare identification card that indicates enrollment in the managed care plan. Requires the sticker to include the name of the plan and the plan's telephone number. Requires a managed care organization to ensure continuity of care for all plan enrollees by ensuring the enrollee's timely selection of a primary health care provider who is a participating provider. Requires a managed care organization that fails to provide for the timely selection of a primary health care provider by an enrollee to reimburse a health care provider for all health care services provided to the enrollee before the enrollee selects a primary health care provider, regardless of whether the provider who provides those services is a participating provider.

Sec. 6. OMBUDSMAN. Requires the Department of Insurance to provide an ombudsman to assist Medicare recipients enrolled in managed care plans and to ensure that managed care organizations subject to this article comply with this article.

Sec. 7. MANAGED CARE PLAN FORMS. Prohibits a managed care organization from using a printed form for enrollment in a managed care plan unless the organization files a copy of the form with the commissioner by the 60th day before the date on which the organization proposes to use the form. Authorizes the organization to use the form unless the commissioner notifies the organization of the commissioner's disapproval of the form by the 15th day before the date of proposed use of the form.

Sec. 8. ADVERTISING. Prohibits a managed care organization from advertising the availability of its managed care plan for Medicare recipients unless the organization files a copy of the advertisement with the commissioner by the 60th day before the date the organization proposes to use the advertisement. Provides that the organization may use the advertisement unless the commissioner notifies the organization of the commissioner's disapproval of the advertisement by the 15th day before the date of proposed use of the advertisement.

Sec. 9. ADMINISTRATIVE PENALTY. Provides that a managed care organization that violates this article is subject to administrative penalties under Article 1.10E of this code.

Sec. 10. RULES. Requires the commissioner to adopt rules to implement this article.

SECTION 2. Requires the commissioner to adopt rules as required by Section 10, Article 21.52G. Insurance Code, by January 1, 1998.

SECTION 3. (a) Effective date: September 1, 1997.

(b) and (c) Makes application of this Act prospective to January 1, 1998.

SECTION 4. Emergency clause.