

BILL ANALYSIS

Senate Research Center
79R494 AJA-D

S.B. 51
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State Affairs
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Current law allows companies a 30-day grace period on payment of premiums for employees no longer enrolled in group health plans. Therefore, health insurance companies do not find out that a particular employee is no longer enrolled in the group health plan until after the 30-day grace period. During that 30 days, a health care provider may provide medical services in good faith to a disenrolled employee and receive payment from the insurance company. At the end of the 30-day period, when the insurance company determines that the employee was not, in fact, enrolled in the group health plan for the 30-day period, the insurance company can retroactively recoup the payment made to the provider. As proposed, S.B. 51 requires employers to be responsible for a health insurance premium for the month in which they remove an employee from a group health plan to prevent retroactive recovery of payments made for medical services provided in good faith prior to retroactive disenrollment of the employee.

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 A, Chapter 1301, Insurance Code, as effective April 1, 2005, by adding Section 1301.0061, as follows:

Sec. 1301.0061. TERMS OF ENROLLEE ELIGIBILITY. Requires that a contract between an insurer and a group policyholder under a preferred provider benefit plan make certain provisions regarding policy details.

SECTION 2. Amends Subchapter F, Chapter 843, Insurance Code, by adding Section 843.210, as follows:

Sec. 843.210. TERMS OF ENROLLEE ELIGIBILITY. Requires that a contract between a health maintenance organization and a group contract holder include certain provisions regarding policy details.

SECTION 3. Makes application of this Act prospective to January 1, 2006.

SECTION 4. Effective date: September 1, 2005.