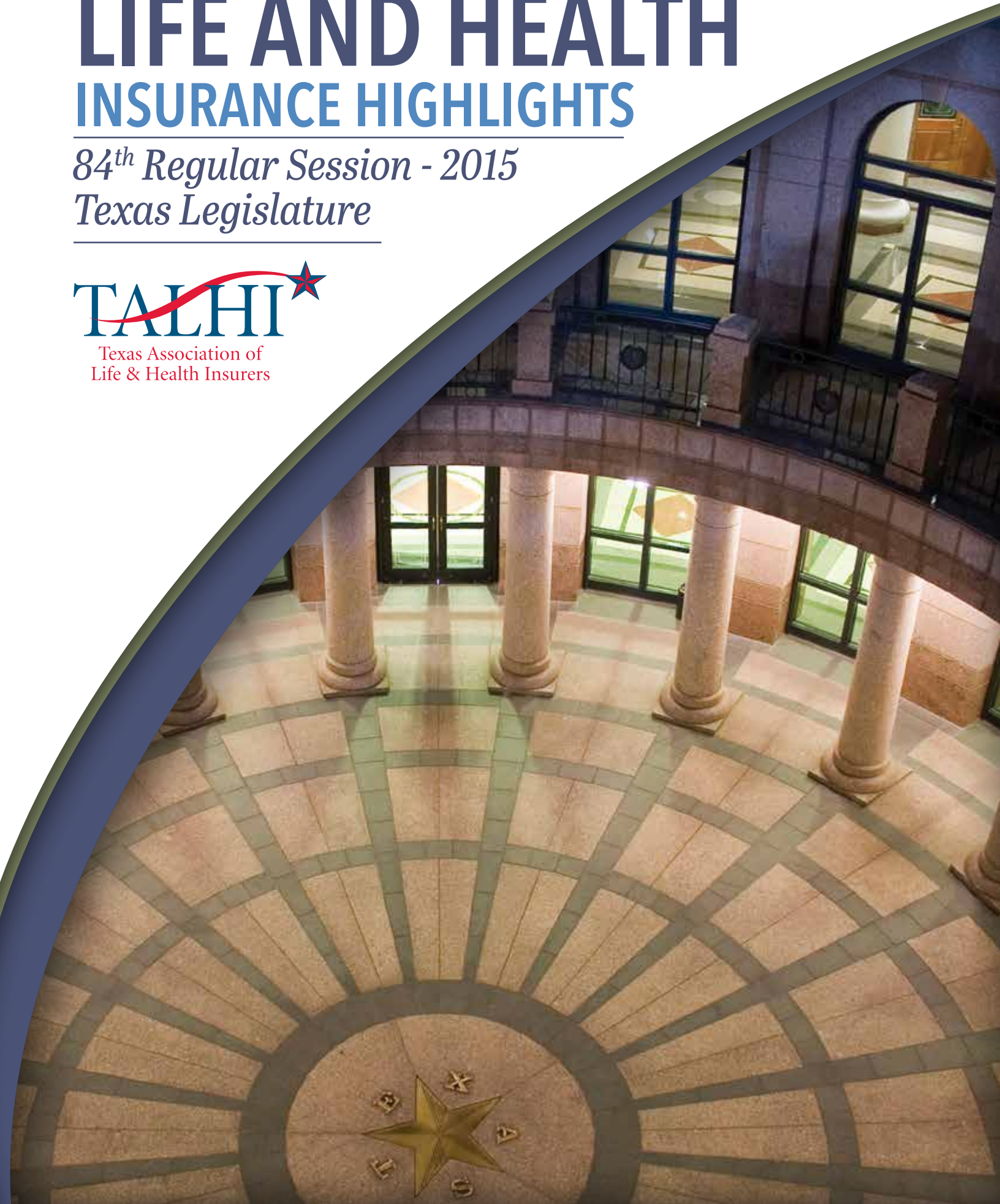


LIFE AND HEALTH INSURANCE HIGHLIGHTS

84th Regular Session - 2015
Texas Legislature

TALHI 

Texas Association of
Life & Health Insurers



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The 84th Legislature: Getting Down to Business

The 84th Regular Session of the Texas Legislature has come to an end. While life and health insurance issues might not have been among the marquee issues debated, TALHI was successful in working to achieve one of its most productive legislative sessions ever. With strong support from the membership, a solid TALHI team coordinating the effort and the momentum from a well-attended lobby day, the organization helped build support for the passage of some major industry priorities.

Among the legislative wins was the elimination of the “snowball” effect of Rider 16 in the Appropriations Bill (HB 1) that was penalizing insurers by effectively repealing tax credits for overhead assessments and examinations. With our support, legislators adopted SB 655, the NAIC model legislation for the Own Risk Solvency Act (ORSA), a top TALHI priority. At our urging, lawmakers also approved SB 1654, a measure that would provide statutory framework for the adoption of principle-based reserves to replace the current standard valuation manual for life/health reserves. And to assist in agent licensing delays, legislators approved HB 2145, a provisional work permit for qualified individuals undergoing TDI’s licensure process.

In all, TALHI tracked more than 300 bills, and we’re pleased to have built the needed support for our priorities while also monitoring and opposing measures that would have adversely affected the industry.

The following pages include a general summary of the session’s major issues, a report on the legislative leaders and their first session working together, and a breakdown of the legislation that was the focus of the TALHI team’s efforts. I hope you find the report useful and, as always, I am available to discuss further if you have questions.

Thank you to all who helped make the session such a success. I hope you enjoy our session report.



Highlights of Major Issues From Session

Following are the brief summaries of several of the major issues debated during the 2015 Texas legislative session:

Budget

HB 1 by Rep. John Otto (R-Dayton)

HB 1 outlines and authorizes spending for Texas for the next two years. In the next two years, the state will spend \$209.4 billion, which is approximately \$7.3 billion more than last biennium’s budget. Compared to estimated spending for the current biennium, the state is expected to spend about 3.6% more.

Education funding will receive \$78 billion (an increase in spending of 6% or about \$1.5 billion), and health and human services will receive \$77 billion (an increase in spending of 3.5%). The budget will also increase funding for border security. It provides \$840 million (up \$500M) to help increase security and allow for the hiring of 250 new Dept. of Public Safety (DPS) troopers.

Transportation

SJR 5 by Sen. Robert Nichols (R-Jacksonville)

SJR 5 creates a constitutional amendment which, if approved by the voters, will dedicate significant funding to improvement of the state’s roads, bridges, highways, and rail. This marks the second major funding dedication to reliable transportation by the Texas legislature in as many sessions.

Gun Rights

HB 910 by Rep. Larry Phillips (R-Sherman)

The “Open Carry” bill allows CHL holders to openly carry their handgun as long as it is carried in a shoulder or belt holster. HB 910 goes into effect in 2016. The “Campus Carry” bill – SB 11 by Sen. Brian Birdwell (R-Granbury) – allows CHL holders to carry handguns on college and university campuses. It goes into effect in September.

Tort Reform

HB 1692 by Rep. Ken Sheets (R-Dallas)

HB 1692 closes the loophole in the Texas forum non conveniens rule created by a recent court decision. This legislation assures that only direct plaintiffs who are bona fide Texas residents can invoke the Texas residency exception to keep their cases in Texas courts.

Cannabis Oil Treatment

SB 339 by Sen. Kevin Eltife (R-Tyler)

SB 339 legalizes low-THC cannabis oils as treatment for certain medical conditions. During the signing ceremony and surrounded by families whose loved ones have suffered from intractable epilepsy, Gov. Abbott insisted that the new law was narrowly tailored for a specific purpose: "I remain convinced that Texas should not legalize marijuana, nor should Texas open the door for conventional marijuana to be used for medicinal purposes," Abbott said. "As governor, I will not allow it; SB 339 does not open the door to marijuana in Texas."

Texting While Driving Ban

HB 80 by Rep. Tom Craddick (R-Midland)

For the third legislative session in a row, the ban on texting while driving failed. HB 80 would have prohibited texting while operating a motor vehicle, unless the vehicle is stopped. The bill exempted emergency responders, and the use of the communication to report illegal activity or summon emergency help.



State Leaders Work Through Issues In First Session Together

To the extent that there was competition among the state's top leadership this session, most observers think that each of the state's "Big Three" leaders performed well:

Newly inaugurated **Governor Greg Abbott** achieved most of his objectives: tax cuts, pre-kindergarten, increased border security and an expansion of gun rights. And he wielded a targeted veto pen on 42 bills, which further reminds legislators that he's in charge.

Lt. Gov. Dan Patrick was successful as the next lieutenant governor, leading the much more conservative Texas Senate through session without the major blowup that most pundits had expected. Patrick led early, tweaking the chamber's rules to remove the longstanding "two-thirds rule" (requiring that at least 21 of 31 senators support debate before a bill can be brought up). Debate now only requires three-fifths - normally 19 - of the members present.

Speaker Joe Straus (R-San Antonio) continued recent success as his center-right coalition held firm for most of the session and brushed off opposition from the far right. He won a fourth term as speaker, and made it look easy, defeating Tea Party favorite Rep. Scott Turner of Collin County on a vote of 127-19. And Straus has already filed to run for speaker again in 2017.

While it happens every session, both chambers battled over the pace of work, and the number of bills the other chamber had passed, considered, or referred to committee.

Abbott appears to be firmly on the path to winning a second term as governor. There were storm clouds in the distance with a potential challenge from Lt. Gov. Patrick in 2018, but that evaporated when he said that being lieutenant governor would be the last job he has in Texas.

One much-anticipated item that did not receive approval this session was ethics reform. Ethics bills are always hard to pass, and dueling interests of the Texas House and Senate meant it wasn't going to get done this session, despite widespread support.

TALHI Key Bills

PASSED

Own risk and solvency assessment by insurers and insurance groups

SB 655 (Eltife/Smithee)

Key provisions of the bill follow the NAIC model law requiring insurers to maintain a risk management framework to assist the insurer in identifying, assessing, monitoring, and managing material and relevant risks. There is an exemption for insurers with direct premium of less than \$500 million and, if part of a group, the group's premium is less than \$1 billion. If the insurer does not qualify for the exemption but the group qualifies, the insurer has to submit a report for itself. All assessments and reports must be confidential by law. There are also protections to protect confidentiality in the event the Department is required to release reports to the NAIC, other states, or third party consultants. SB 655 requires a separate agreement between the Commissioner and NAIC or third party consultant to maintain confidentiality and sets out requirements for the agreement. The bill was a TDI Biennial Report Recommendation and priority for the Department.

Effective Date: Immediate

Standard valuation and the nonforfeiture requirements

SB 1654 (Hancock/Sheets)

The bill amends various provisions in Chapter 425 of the Insurance Code relating to the standard valuation and non-forfeiture provisions for life and health insurers. The final bill seeks to apply the statutory framework developed by the NAIC (implementing principle-based reserves) to enhance the current system for calculating policy reserves, provide regulators with tools to properly monitor a life insurer's reserve levels through annual reporting and review, and help reserve requirements keep pace with new product designs from life insurers to meet consumer needs. A small company exemption was included in the final bill. The small company exemption applies to companies writing less than \$300M in ordinary life and less than \$600M in ordinary life if part of a group. The change in reserving is often referred to as Principle Based Reserves (PBR) and will be effective when the Commissioner adopts the NAIC PBR Manual by formal rule. There are provisions in the bill that require the Commissioner to make the PBR Rules effective only after a

substantial number of jurisdictions have adopted the PBR statutory changes and Manual. This is based on a number of states (42) with 75% of the direct premiums nationally. Rules can only be effective after these thresholds have been met.

Effective Date: September 1, 2015

Provisional authority for certain individual insurance license applicants to act as insurance agents

HB 2145 (Smithee/Creighton)

The bill adds a new Subchapter H, Ch. 4001 to the Insurance Code relating to provisional work authority for certain individual insurance license applicants. TDI can issue a provisional work authority to individuals who have taken and passed an examination and submitted a completed application. Individuals are authorized to act as an agent until a license is either issued or revoked. The term of the license is for 90 days or until the license is issued. Individuals must work under the supervision of a licensed agent or insurer. The bill authorizes a fee that may not exceed the fee required for application for permanent license.

Effective Date: September 1, 2015

Rulemaking authority for annuity contracts

SB 1107 (Eltife/Smithee)

Amended from bill as filed to only allow form approval for contingent deferred annuities. Original bill would have given TDI broad rulemaking authority regarding annuities. This bill was a TDI Biennial Report recommendation.

Effective Date: Immediate

General appropriations bill

HB 1 (Otto/Nelson)

This is the general appropriations bill. The Senate version contained Rider 16 in the Comptroller's budget in Article 1 that required TDI-Funding 36 Dedicated Account to reimburse general revenue for any tax credits for overhead assessments and examinations. This rider would have created an ever increasing "snowball" in overhead assessments paid by domestic insurers to repay these credits. The final version eliminated this Rider.

Effective Date: September 1, 2015

LEGISLATURE ELIMINATES "SNOWBALL EFFECT" THAT PENALIZED INSURERS

The Association's legislative team was successful in working to eliminate Rider 16 in the Appropriations Bill (HB 1) that effectively repealed tax credits for overhead assessments and examinations.

DID NOT PASS

Relating to prompt payment of health care claims

HB 1433 (Smithee) / SB 843 (Taylor)

Supported by a coalition of the Texas Medical Association, TALHI and the Texas Association of Health Plans, the bill is a targeted approach to limiting lawsuit abuses by some plaintiff attorneys who seek to recover the maximum amount of penalties currently authorized under Texas law. The bill would have reduced the penalty caps per claim and established a two-year statute of limitations on prompt pay personal actions.



TDI Recommended Legislation

PASSED

Investigation by the Commissioner of Insurance of acts of insurance fraud and other offenses

SB 782 (Eltife/Smithee)

This bill amends Sec. 701.102 to broaden the authority of the Commissioner to investigate offenses under the Penal Code including technical or litigation assistance to other governmental agencies.

Effective Date: September 1, 2015

Development of antifraud educational programs by the Texas Department of Insurance and acceptance of gifts, grants, and donations for the department's fraud unit

SB 783 (Eltife/Frullo)

This bill adds 701.004 and 701.005 to the Insurance Code. Requires the development of fraud prevention educational programs and the distribution of materials to educate the public on antifraud programs. Enables the Insurance Fraud Unit to accept gifts, grants, and donations from certain entities to support the program.

Effective Date: September 1, 2015

Collection and use of certain information reported to and by the Texas Department of Insurance and connected approval authority and hearings

SB 784 (Eltife/Frullo)

This bill amends various provisions in the Insurance Code. First, Section 2053.056 is amended to change the biannual public hearing on insurance rates for workers' compensation to discretionary instead of mandatory. Second, Section 2251.008 is amended to require annual market share reports instead of quarterly reports. Third, amends 2251.101 to clarify that disallowed expenses apply only to personal lines. Amends various sections to provide that risk management pools and access liability pools would no longer have to collect and report information under 2206.002 and 2207.002. Trusts would no longer have to file all liability claims reports with the Dept. Repeals multiple reporting, data collection, and study statutes including the liability insurance closed

claim reports under Subchapter D, Ch. 38; and claims information for personal auto and residential property under Subch. I, Ch. 38.

Effective Date: September 1, 2015

Omnibus bill regarding licensing of insurance agents and adjusters

SB 876 (Eltife/Frullo)

This bill requires the Commissioner of Insurance to adopt reasonable rules setting standards for an agent, insurer, or health maintenance organization (HMO) to appoint more than 500 temporary license holders during a calendar year. Subjects license renewals for certain licenses issued by TDI to the same expiration schedule as newly issued licenses and specifies that those certain licenses expire on the second anniversary of the date the license is issued or renewed, subject to the licensee's birthday. This bill makes completion of required continuing education a condition of licensure for individuals licensed by TDI, and changes the requirements from 15 hours annually to 24 hours biannually. Failure to complete the education requirements or pay the applicable fee within 90 days would result in a denial of license renewal. Expands TDI's duty to certify continuing education programs. Authorizes a licensed nonresident agent who has moved to Texas from another state to apply for a comparable license for residents of Texas. Prohibits TDI from charging an additional fee or requiring a renewal application before the established renewal date to the extent that the term of an existing license is extended beyond its original expiration date.

Effective Date: September 1, 2015

Deposits with the Texas Department of Insurance

SB 1427 (Lucio/Smithee)

This bill amends Ch. 423, on deposits in accordance with Ch. 423. Allows withdrawal without Commissioner's approval. This does not apply to deposits made under Ch. 406.

Effective Date: September 1, 2015

DID NOT PASS

Reinsurance financial statement credit and accounting

SB 539 (Perry)

This bill is similar to legislation proposed in previous sessions that permits credit for reinsurance when an assuming insurer is certified as having a certain financial strength even though the reinsurer is not domiciled in the US and has no assets in the US. This bill has been proposed by the Reinsurance Association of America in the past.



Key Legislation Impacting Life & Annuities

PASSED

Authority of certain domestic life, health, and accident insurance companies to make certain investments

SB 1008 (Eltife/Frullo)

The bill adds 425.1185 to the Insurance Code. Allows an insurance company with more than \$10 billion in admitted assets to invest in a mezzanine real estate loan if the loan documents meet certain conditions. The cumulative investment may not exceed 3% of the insurance company's admitted assets. Before making the initial investment, the insurance company must corroborate that the sum of the first mortgage on the real estate and the mezzanine real estate loan does not exceed 100% of the value of the appraised value of the real estate.

Effective Date: September 1, 2015

Regulation of funding agreements, guaranteed investment contracts, and synthetic guaranteed investment contracts issued by a life insurer

SB 1196 (Eltife/Frullo)

The bill adds Chapter 1154 to Title 7 of the Insurance Code. Authorizes a life insurer to issue a funding agreement to certain entities to generate an income stream for the purchaser of the agreement, or to fund a future liability of the purchaser. It is also authorized to issue a guaranteed investment contract to provide a benefit in a fixed amount or a variable amount, or a combination of the two. Amends Insurance Code 443.301 to add claims under annuity contracts as a Class 2 claim.

Effective Date: September 1, 2015



DID NOT PASS

Prohibition of certain insurance discrimination HB 304 (Thompson)

Adds sexual orientation or gender identity or expression to the list of prohibited discrimination in Sec. 544.002, Insurance Code. Adds language that would make such discrimination a defense if based on sound underwriting or actuarial principles related to risk.

Prohibition of certain insurance discrimination HB 453 (Alonzo)

Amends Sec. 544.002 to add sexual orientation and gender identity to list of prohibited factors for underwriting or rating. Does not have an exception based on underwriting or actuarial principles.

Discrimination against an individual with a criminal record by a life insurance company HB 702 (Allen)

Adds new Subch. E, Ch. 1101 that prohibits an insurer from refusing to insure, limiting coverage or charging different rates based on an individual's criminal record.

Single premium term life insurance offered in connection with certain consumer loans HB 3938 (Longoria/Eltife)

Restricts what certain loans may offer or require of a borrower in terms of single premium term life insurance. Requires insurance for which certain charges are included in a loan contract to be written through a licensed insurance agent. Establishes that the sale of a single premium term life insurance policy to a borrower is a sale of insurance.

Disclosure of information regarding and conditions for payment of death benefits under certain policies, contracts, and group benefit plans

HB 1046 (Collier)

Adds Subchapters E & F to Ch. 1101, Ins. Code requiring certain disclosures for death benefit claims. Provides that an insurer may not require the death certificate to specify a cause or manner of death. Allows a person to request information on the policy. Requires the disclosure of benefits within 48 hours of receipt of the request. Permits civil actions for violations. Requires payment to assignees no later than two weeks after receipt of assignment, death certificate and property completed claim form.

Use of forms that are not approved by the Texas Department of Insurance

HB 773 (Gutierrez)

Amends Ch. 1701 regulating life, health and accident forms. The use of certain policy forms must have prior written approval from TDI; TDI may order restitution for damages from use of a form; prohibits use of forms that are used to deny, delay, or limit coverage.

Protecting company information

HB 3514 (Munoz)

Provides that information on acquisition of control of an insurer is public information but subject to exceptions under the Open Records Act.



Key Legislation Impacting Supplemental, Long Term Care and Ancillary Plans

PASSED

Registration of dental support organizations SB 519 (Schwertner/Crownover)

Requires registration of dental support organizations. Adds a new Chapter 73 to the Business & Commerce Code.

Effective Date: September 1, 2015

Individual indemnity health insurance SB 979 (Creighton/Meyer)

This bill clarifies and aligns the terminology for hospital indemnity plans by deleting “confinement” from the statutory definition.

Effective Date: Immediate

Designation of certain optometrists, therapeutic optometrists, and ophthalmologists as preferred providers

SB 684 (Taylor/Bonnen)

This bill prohibits insurers from withholding preferred provider designation from a licensed optometrist or therapeutic optometrist that joins professional practice of a contracted preferred provider, applies to the insurer for such designation, and is eligible to be a preferred provider. The optometrist/therapeutic optometrist would be required to comply with the terms of the preferred provider contract used by the insurer or their network provider. House Floor Amendment: Prohibits a managed care plan from directly or indirectly controlling or attempting to control the judgment, manner of practice, or practice of an optometrist or therapeutic optometrist. The amendment lays out a variety of such situations that are prohibited. INCLUDES language from HB 3550.

Effective Date: September 1, 2015

DID NOT PASS

Right of a dentist to contract for certain services

HB 2330 (Zerwas)

Adds 254.0041 & amends 254.0011 of the Occupations Code. Clarifies what services a dentist may contract for, and what they may not (as it would constitute control and interference with the dentist's professional judgment). Creates a presumption of ceded control, influence, and interference if the dentist contracts for certain services or authorities.

Regulation of vision plans

HB 3550 (Munoz)

Adds 1451.156 to the Insurance Code. Creates restrictions on what a managed care plan may do in relation to an optometrist or therapeutic optometrist and their practice. Some provisions added to SB 684 which did finally pass.

Prior authorization from a health benefit plan issuer to obtain health care services under the health benefit plan

HB 3919 (Klick)

Amends the Insurance and Human Resources Codes. Prohibits insurance companies, ophthalmologists, and health maintenance organizations from requiring prior approval before paying or providing a covered benefit provided to a recipient of medical assistance. Prevents anyone from requiring an ophthalmologist or patient to get a referral to the ophthalmologist before treatment can be given.

Coordination of dental benefits under certain insurance policies

SB 1349 (Hinojosa)

Amends the Insurance Code to require certain primary and secondary insurers to coordinate on dental coverage benefits. Specifies when services will be covered by each insurer.

Study on the feasibility of establishing a prepaid investment plan or other product to help citizens of this state finance and access residential care

SB 1585 (Lucio/Raymond)

Requires the Executive Commissioner of the HHSC to cooperate with the Comptroller and conduct a study on the feasibility of developing a state-administered program modeled after the Prepaid Higher Education Tuition Program and designed to enable Texans to invest in a prepaid investment plan or other long-term care insurance supplements that provide additional financial support to cover the cost of residential care.

Other Bills of Interest

PASSED

Prohibiting the reidentification of certain deidentified information and the release of any reidentified information

SB 1213 (Kolkhorst/Oliveira)

Adds new Ch. 506, Business & Commerce Code. As passed, this bill makes it an offense to re-identify information received from a government agency that has been de-identified. The bill creates private causes of action for a violation for release of reidentified information and allows a civil penalty of not less than \$25 or more than \$500 for each violation subject to a total of \$150,000. The AG is permitted to recover civil penalties. The bill also provides for a Class A misdemeanor for a violation.

Effective Date: September 1, 2015

Order of nondisclosure of certain criminal history record information

SB 1902 (Perry/Herrero)

This bill amends Chapter 411 of the Government Code to provide for new Subchapter E-1 for non-disclosure of certain criminal history records. Allows the issuance of an order of nondisclosure at the time of defendant dismissal and discharge from a term of deferred adjudication community supervision for certain misdemeanor offenses if the person proves to the court they are eligible for an order of nondisclosure and pay a \$28 fine. This would not apply to any offense other than a fine-only offense. Persons seeking an order of nondisclosure following dismissal and discharge from a term of deferred adjudication community supervision for certain misdemeanor offenses would not be required to file a petition but would need to pay the \$28 fee. Expands the types of cases in which a defendant is eligible to obtain an order of nondisclosure to include persons who have been convicted of certain misdemeanors and confined, if the person seeking the order of nondisclosure had never previously been convicted or placed on deferred adjudication community supervision for another offense other than an offense under than a fine-only offense under the Transportation Code.

Effective Date: September 1, 2015



DID NOT PASS

Substituted service of citation through a social media presence

HB 241 (Leach)

Amends the Civil Practice & Remedies Code to permit substituted service through a social media presence.

Property right in certain DNA samples

HB 1220 (Laudenberg)

Adds Chapter 3 to Title 1 of the Property Code. Establishes that an individual has an exclusive property right in a DNA sample provided by the individual. Prohibits the collection of DNA, performance of a genetic test, or retaining of a DNA sample without the informed written consent of the individual. DNA samples collected for emergency medical treatment, law enforcement purposes, or similar purposes are exempt from this prohibition. Violation are subject to civil and criminal penalties. Attorney fees can be recovered by the AG, and a violation is a Class A misdemeanor.

Prohibiting an employer from accessing the personal online accounts of employees and job applicants through electronic communication devices

HB 1777 (Giddings)

Adds new Chapter 21 to the Labor Code on personal online access designed to regulate employer's access to personal online information. Offenses would be an unlawful employment practice by the employer. Employers cannot require disclosure of user names, passwords or other means of access to personal online account information except by written agreement. Some exceptions included policies for use of electronic equipment while at work. The House Committee Substitute: specifies that proposed §21.0605 does not apply to state law enforcement operations and local agencies responsible for investigating, prosecuting, or enforcing criminal laws. The bill was defeated on the House floor.

Relating to an electronic financial record matching program to verify the assets of certain applicants and recipients under the medical assistance program

HB 2954 (Klick)

Adds 32.02612 to the Human Resources Code. Requires the HHSC (or its agent) to develop and operate an electronic financial record matching program, to be used for verifying assets to determine eligibility of an applicant for medical assistance benefits. The department could refuse or revoke benefits if a recipient refuses to grant or revokes authorization to submit to the record matching program. This bill outlines the contracting requirements the HHSC must undergo with financial institutions, and the obligations of financial institutions when a request is made. Also restricts the uses the program's information may be used for.

Use of public information for marketing purposes

HB 3199 (Springer)

Prohibits use of public information for marketing purposes.

Confidentiality of birth and death records

HB 3427 (Farney)

Amends Gov. Code 552.115. Extends the time frame before birth and death records can be made available to the public. Birth records are pushed to 125 years after birth (currently 75), and death records are pushed to 50 years after death (currently 25).

Property right in certain genetic information

HB 3582 (Turner)

Adds Chapter 183 to the Health and Safety Code. Amends the Labor Code, Occupations Code, and Insurance Code. Establishes a property right in genetic information and material. Prohibits others from obtaining certain genetic information without the informed consent of the owner, except for emergency treatment, law enforcement purposes, establishment of paternity, and newborn screening in accordance with the law. Information gained through these exceptions is confidential. Violation of the proposed law makes the violator subject to suit for damages.



Criminal history record information obtained or disseminated by certain private entities

SB 128 (West)

Regulates private entities that provide information to a customer on criminal history. Requires the entity to verify information within the 60 day period preceding dissemination.

Restrictions on the use of credit card payments to settle claims for health care services

SB 1229 (Seliger)

Adds Insurance Code Chapter 564. Prohibits a licensee (insurers, HMOs, etc.) or contracted vendor of a licensee from using a credit card to settle a claim for health care services with a health care provider.

Release of bulk criminal history record information by certain individuals and agencies

SB 1960 (Hinojosa)

Amends the Government Code. Adds 552.1426, which requires bulk criminal history record information requests to a county clerk, district clerk, municipal court clerk, or criminal justice agency for Class A, B, and felony offenses with a final judgment to be denied and information given concerning submitting the request to the Department of Public Safety. For Class C offense requests, the clerk must maintain and publish a record of the requestor.

Key Legislation Impacting Health Insurance

PASSED

Fees charged for the adjudication of pharmacy benefit claims

SB 94 (Hinojosa/Guerra)

The bill adds Subchapter I to Chapter 1369 of the Insurance Code. Prohibits health benefit plan issuers from charging or holding pharmacists and pharmacies responsible for certain fees.

Effective Date: September 1, 2015

Regulation of discount drug card program operators

HB 3028 (Fruzzo/Watson)

The bill amends the Insurance Code by adding new Sections 562.055 and 562.055 to Ch. 564 regulating discount card providers. The bill prohibits discount health care programs from engaging in several specified unfair methods of competition, or unfair and deceptive acts and practices. Prohibits a pharmacy benefit manager from requiring a pharmacist or pharmacy to participate in a discount health care program or network of providers as a condition of participating in the network or program.

Effective Date: September 1, 2015

Notice and appeal of an adverse determination by utilization review agents

HB 1621 (Bonnen/Selinger)

The bill amends Sec. 4201.053 to include intellectual disability, instead of mental retardation, services as exempt from utilization review. Also adds exemption for the child health program, ERS, TRS, A&M, and UT system, or a Medicaid managed care organization. Amends Sec. 4201.303 to require immediate review of denial of intravenous infusions. Requires notice of an adverse determination not later than the 30th day before the date on which the infusion will be discontinued. Adds new provisions in Chapter 4201 for immediate appeal to an IRO.

Effective Date: September 1, 2015

Exchange of electronic health information in this state

HB 2641 (Zerwas/Schwertner)

Amends the Civ. Prac. & Rem. Code. Limits health care providers' and health information exchanges' liability for not using a health information exchange or obtaining medical information. Under the Sen. passed bill (comm. sub + floor amendment) liability would be limited to instances of malice and gross negligence. Additionally, evidence of use or nonuse of an exchange would be inadmissible in a civil, judicial, or administrative proceeding for a health care provider to establish a duty of care. Requires the Executive Commissioner to work towards interoperability and maintenance of health information exchange system. Pushes back the date on which reimbursement to Medicaid for providing home telemonitoring services ends, to 2019 (currently 2015). Authorizes health care providers to release medical information to exchanges. Creates a criminal offense for allowing health-related information in an exchange to be used or disclosed in a way that violates the subchapter.

Effective Date: September 1, 2015

Continuations and functions of the Texas Health Services Authority as a quasi-governmental entity and the electronic exchange of health care information

SB 203 (Nelson/Raymond)

The bill amends the Health and Safety Code to set an expiration date of September 1, 2021 for the Texas Health Services Authority as a quasi-governmental entity. After the Authority's expiration, the state will seek the assistance of a private nonprofit with relevant knowledge and experience to assist in health information exchange.

Effective Date: September 1, 2015

Transparency of certain information related to certain health benefit plan coverage

HB 1624 (Smithee/Seliger)

The bill amends the Insurance Code to require health benefit plan issuers to keep a public database for formulary information of drugs covered by the plan, and a public directory of health care providers in the health benefit plan's network, "preferred" providers, or "exclusive" providers.

Effective Date: September 1, 2015

Prescription and pharmaceutical substitution of biological products

HB 751 (Zerwas/Kolkhorst)

HB 751 updates the Texas Pharmacy Practice Act by allowing Texas pharmacists to dispense safe and less expensive biologic medications to patients, by allowing substitution of an FDA approved interchangeable biologic for a prescribed brand name biologic.

Effective Date: September 1, 2015

Health insurance identification cards issued by qualified health plan issuers

HB 1514 (Sheffield/Creighton)

The bill adds Subtitle L to Title 8 of the Insurance Code. Requires the identification cards issued for qualified health plans purchased through an exchange to have the acronym "QHP" on the card. Requires monitoring of definition changes to 45 C.F.R. Section 155.20, and a report to the legislature on any adopted changes.

Effective Date: September 1, 2015

Coordination of dental benefits under certain insurance policies

HB 3024 (Guerra/Hinojosa)

The bill amends the Insurance Code by adding new Subchapter B to Ch. 1203 for Dental Insurance. The bill would require certain primary and secondary insurers to coordinate on dental coverage benefits. Specifies when services will be covered by each insurer.

Effective Date: September 1, 2015

Creation of the Texas Health Improvement Network

HB 3781 (Crownover/Watson)

The bill would create the Texas Health Improvement Network (THIN) to address urgent health care challenges, improve the health care system within Texas and nationally, and develop health care initiatives and policies based on population health research.

Effective Date: Immediate

Provision of direct primary care

HB 1945 (Bonnen/Hancock)

The bill adds Subchapter F to Ch. 162 of the Occupations Code. Seeks to improve access to direct primary care by providing for these arrangements outside the scope of state insurance regulation. Specifies that direct primary care is not insurance, and requires notice to patients of such. Prohibits a physician from billing an HMO for primary care that is covered by a medical service agreement.

Effective Date: Immediate

Confidentiality of a physician's patient information in certain judicial proceedings

HB 1779 (Murr/Uresti)

The bill amends Sec. 159.003, Occupations Code for exceptions to certain confidentiality protections in court or administrative proceedings. Adds judicial proceedings where the patient is a party and the disclosure is requested under subpoena. Allows a physician to release medical records without notice to the patient if subpoenaed for the records. Such a release does not diminish the physician's ability to claim the privilege of confidentiality on behalf of the patient.

Effective Date: September 1, 2015

Notices by Freestanding Emergency Rooms

SB 425 (Schwertner/Bonnen)

The bill amends the Health and Safety Code. Requires a freestanding emergency medical care facility to post notice stating the various costs associated with care at the facility, the facts that its rates are comparable to emergency rooms, and that the facility or physician providing care may not be covered in the patient's health benefit plan provider network.

Effective Date: September 1, 2015

Mediation for facility-based providers

SB 481 (Hancock/Smithee)

The bill amends Sec. 324.001 of the Health and Safety Code and the Insurance Code. Adds assistant surgeons to the list of positions that qualify as "facility-based physicians." Requires a "conspicuous, plain-language explanation" on billing statements notifying the patient of a facility-based physician of mandatory mediation. Lowers the threshold amount a patient must be liable to the physician for before the enrollee may request mediation to \$500.

Effective Date: September 1, 2015



DID NOT PASS

Prohibits health plan and health benefit plan coverage for abortions

SB 575 (Taylor/Farney)

Prohibits coverage for abortion by insurance purchased through a health benefit exchange except when a medical emergency exists. Requires that individuals be provided the opportunity to accept or reject supplemental coverage for abortion if a small or large employer offers such coverage.

Relating to health plan and health benefit plan coverage for abortions

HB 1435 (Smithee)

Adds Subtitle L and Chapter 1218 of Title 8 of the Insurance Code. This bill prohibits certain health plans (including qualified plans purchased on the Health Benefit Exchange) from covering abortions, except medically necessary abortions. An abortion would otherwise only be able to be obtained if the enrollee pays for it separately and in addition to the premiums for the policy, and provides a signature. Plan issuers that cover abortion must provide the enrollee with notice that coverage is optional and separate from other coverage under the plan, the premium cost for an abortion is separate, and coverage for other services is available independent of coverage of abortion. Group health plan issuers must give the employee the option to accept or reject supplemental coverage for abortion.

Examines coverage provided for abortions

HB 3130 (Farney)

Relating to coverage provided by certain health plans and health benefit plans for abortions.

Drug synchronization requirements

HB 3025 (Farney)

Adds Subchapter H to Ch. 1369 of the Insurance Code. Requires certain health benefit plans to prorate any cost-sharing amounts charged for a prescription drug dispensed in a less than 30 day supply if the pharmacy or physician notifies the plan that the quantity dispensed is to synchronize the refill dates of the enrollee's prescriptions, and that synchronization is in the enrollee's best interest. The covered person must also agree to the synchronization. However, the fee paid to the pharmacy for filling the prescription may not be prorated. Requires the insurer to create a process through which the health benefit plan, along with other interested parties, may approve the synchronization plan. Additionally, requires the establishment of an override process so that pharmacists/pharmacies may override the denial of the prorated medication.

Coverage for supplemental breast cancer screening under certain health benefit plans

HB 694 (Hernandez)

Amends the Insurance Code to require an issuer of a health benefit plan that provides coverage for mammograms to cover supplemental breast cancer screenings if the doctor treating the enrollee or screening her finds dense breast tissue and additional risk factors that warrant such supplemental screening. Qualifying health factors would be determined by the Commissioner based on scientific research and models.

Definition of serious mental illness for purposes of certain group health benefit plans

HB 838 (Naishtat)

Amends 1355.001 of the Insurance Code by adding PTSD to the list of "serious mental illnesses" that must be covered by certain insurance plans. Amends Insurance Code 1355.003 to exempt certain plans for which the state must defray the costs from having to provide additional services under the subchapter.

Coverage of mammograms performed by certain health care providers

HB 449 (Alonzo)

Enables health benefit plans required to provide mammograms for enrollees to allow enrollees to get the mammogram from providers other than the enrollee's primary care physician or provider. The health benefit plan may require prior approval of the mammogram and the physician/provider conducting the mammogram must provide a copy of the mammogram report to the enrollee's primary care physician/provider.

Coverage of certain eating disorders as serious mental illnesses

HB 2749 (Coleman)

Amends 1355.001 of the Insurance Code. Adds eating disorders to the list of "serious mental illness" certain insurance providers are required to cover. Requires the Sunset Commission to conduct a study on the impact the change in law implemented by this bill would have.

Regulation of health insurance rates

SB 90 (Ellis)

Adds a new Ch. 1691 to regulate rates for health insurance. Applies to individual or group major medical insurance. There are exceptions for credit, supplemental, hospital indemnity; dental or vision care; and others. Rates filings are prior approval.

Designation of preferred providers

HB 1667 (Bonnen)

Amends Ch. 1301 of the Insurance Code. Prohibits insurers from withholding the designation of "preferred provider" from a physician who joins the professional practice of a contracted preferred provider, applies for the designation, and complies with the terms and conditions of being a preferred provider.



“Patient intimidation” in PPO plans

HB 3565 (Bonnen)

Amends Insurance Code 843.363 and 1301.067. Prohibits insurers and health maintenance organizations from requiring health care providers to give patients a form, as a condition of payment, stating the provider is not a participating provider if the form includes other information intended to intimidate patients.

Establishment of a health benefit exchange

HB 817 (Turner)

Requires the Health and Human Services Commission to negotiate with the federal government to create a state health benefit exchange, similar to the federal exchange under the Affordable Care Act, in the event of a finding by the Texas Attorney General that federal tax-credit subsidies do not extend to coverage purchased through the federal exchange. If authorized, the bill requires the exchange to be developed.

Health benefit exchange established for the state

HB 818 (Turner)

Requires the state to negotiate with the federal government for authorization to develop a Texas-focused health benefits exchange similar to the exchange implemented by the Affordable Care Act. If authorized, this bill requires the state exchange to be developed.

Access to pharmacists, pharmacies, and pharmaceutical care under certain health benefit plans

SB 322 (Schwertner) / HB 778 (Bell) / HB 1775 (Hunter)

“Any willing provider” bill. Limits insurer’s ability to contract.

Any willing pharmacy in PPO plans

HB 1770 (Hunter)

Limits abilities to contract.

Regulation of payments to out-of-network providers

HB 761 (Zedler)

Mandates that every provider performing a certain service should be paid the same.

Payment of and disclosures related to certain out-of-network provider charges

HB 616 (Bonnen)

Adds new Subchapter C-2 for prompt payments to out of network providers. Requires use of a charge-based methodology that includes a certification of the usual and customary charge by the insurer or a database provider. The legislation also has other provisions regulating data that must be used in the database. Subjects an insurer to the same prompt payment penalties as if the out of network provider was a preferred provider.

Provision of telemedicine medical services by a physician

SB 1177 (Eltife)

Permits telemedicine if a patient is established, written protocols and limits on certain drugs.

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