



Wednesday, July 18, 2007

## **New Transparency Legislation in Texas for Health Care Plans**

AUSTIN, TX - The Texas Association of Benefit Administrators (TABA) is proud to announce that Texas is leading the nation toward establishing transparency in the cost of health care.

Greater transparency through standardized disclosure of health claims data will allow employers in this state to seek competitive rates and better health care benefits for their hard-working employees.

This legislation requires an insurer to respond within 30 days to an employer's request for claims, premium, and other necessary underwriting information. The bill specifies that following information be provided:

- i) aggregate paid claims by month;
- ii) total monthly premiums;
- iii) employee census data;
- iv) total dollar amount of pended claims;
- v) separate description and individual claims report when total paid claims exceed \$15,000; and
- vi) a statement of precertification requests for lengthy hospital stays.

Specifics on claims over \$15,000 include:

- a unique identifying number, characteristic, or code for the individual;
- the amounts paid;
- dates of service; and
- applicable procedure codes and diagnosis codes; and for claims that are not part of the report described by the above, a statement describing precertification requests for hospital stays of five days or longer that were made during the 30-day period preceding the date of the report.

Additionally, an employer, after receiving the initial report, has 10 days to request additional information regarding the prognosis or recovery of the individual, if available, and, for individuals in active case management, the most recent case management information, including any future expected costs and treatment plan, that relate to the claims for that individual.

The bill will facilitate the timely and accurate exchange of information by allowing the health insurance issuer (typically, carrier, HMO, or TPA) to send the information electronically or to post the information on a web site accessible to the requesting employer. Under the bill, insurers disclose protected health information only if proper certification has been provided by the employer plan sponsor in accordance with strict Federal standards.

"The ability for employers to have timely access to their own loss information will lead to more competitive rates and lower costs for employers and their employees," said Samuel D. Francis, TABA's legislative committee chairman and immediate past president. "This new law will enable more employers to effectively consider all financing options, including self-funding their group health plan under ERISA. While employers will have access to this important underwriting information, critical privacy safeguards remain in place."

TABA has been building momentum on this issue for more than six years, with interest increasing alongside steadily rising healthcare costs. Between the 2005 and 2007 legislative sessions, there was significant work with stakeholders to build a consensus for reform. Those efforts paid off June 15, 2007 when Gov. Rick Perry signed House Bill 2015 into law.

According to Senator Robert Duncan, Senate State Affairs Committee Chair, working with all the stakeholders makes it simpler to carry complex legislation through the process. "I applaud TABA's leadership in this issue and their interest in helping Texas employers and their employees," he said.

As the cost of health care has skyrocketed, states across the country have considered attempts to deal with the crisis. The provisions of HB 2015 set a new

standard for disclosure of claim data, making Texas a leader on this component of health insurance transparency.

"We must credit Senator Duncan for being a leader on transparency issues. He listened to our concerns and understood the severity of the issue. Senator Duncan made this cause part of his interim work, and he, along with Representative John Smithee, House Insurance Committee Chair, became key figures in the Legislature's effort to make this information available," Francis said.

"Transparency in healthcare costs is so important in allowing employers to make wise decisions about employee healthcare. I am pleased that this legislation will directly benefit Texas business owners and their employees," Representative Smithee said.

Although this is an important step, Francis said there is more to be accomplished in transparency for Texans' healthcare. "We greatly appreciate the support of Senator Duncan and Representative Smithee. These two lawmakers recognized our wholehearted support of helping hard-working Texans and Texas employers, and they embraced this important issue," said Francis. "We're looking forward to working with them in the future."

"At the federal level, lawmakers are looking to Texas to be the leader," Francis said. "Other states are weighing our approach for local application across the country."

In addition to carriers and HMOs, the provisions of the bill are intended to apply to third party administrators who have the claims information. The bill contains liability protection for third party administrators and others responding to a request by providing that they are not subject to criminal prosecution or civil damages if they provide the information in compliance with the provisions of the new law.

The Texas Department of Insurance had a goal of consolidating three conflicting disclosure statutes in the Insurance Code during the session. Working with leaders at that agency, lawmakers drafted a bill that met that goal.

The new law is effective September 1, 2007 and applies to requests for information made on or after January 1, 2008.

### **About TABA**

**Texas Association of Benefit Administrators (TABA)** members are focused on improving the quality of benefit plans and managing related medical costs for employers and their employees.

The Texas Association of Benefit Administrators is the trade association for professional third party administrators doing business in Texas. TABA was organized in 1983 to support, maintain, improve, and advance public knowledge of the profession of employee benefit administration. TABA promotes legislation, regulation, and practices that are in the best interests of the profession and Texas employers.

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Additional information on HB 2015, including a copy of the legislation, can be found at the TABA website [www.tpbaa.com](http://www.tpbaa.com).

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