AN ACT
relating to administration of certain health benefit plans.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter A, Chapter 1301, Insurance Code, is amended by adding Section 1301.0061 to read as follows:

Sec. 1301.0061. TERMS OF ENROLLEE ELIGIBILITY. A contract between an insurer and a group policyholder under a preferred provider benefit plan must provide that:

(1) in addition to any other premiums for which the group policyholder is liable, the group policyholder is liable for an individual insured's premiums from the time the individual is no longer part of the group eligible for coverage under the policy until the end of the month in which the policyholder notifies the insurer that the individual is no longer part of the group eligible for coverage under the policy; and

(2) the individual remains covered under the policy until the end of that period.

SECTION 2. Subchapter F, Chapter 843, Insurance Code, is amended by adding Section 843.210 to read as follows:

Sec. 843.210. TERMS OF ENROLLEE ELIGIBILITY. A contract between a health maintenance organization and a group contract holder must provide that:

(1) in addition to any other premiums for which the group contract holder is liable, the group contract holder is
liable for an enrollee's premiums from the time the enrollee is no
longer part of the group eligible for coverage under the contract
until the end of the month in which the contract holder notifies the
health maintenance organization that the enrollee is no longer part
of the group eligible for coverage by the contract; and

(2) the enrollee remains covered by the contract until
the end of that period.

SECTION 3. Section 843.347, Insurance Code, is amended by
adding Subsections (h) and (i) to read as follows:

(h) A health maintenance organization providing routine
vision services as a single health care service plan or providing
dental health care services as a single health care service plan is
not required to comply with Subsection (c) with respect to those
services. For purposes of this subsection, "routine vision
services" means a routine annual or biennial eye examination to
determine ocular health and refractive conditions that may include
provision of glasses or contact lenses.

(i) A health maintenance organization described by
Subsection (h) shall:

(1) have appropriate personnel reasonably available
at a toll-free telephone number to provide a verification under
this section between 8 a.m. and 5 p.m. central time Monday through
Friday on each day that is not a legal holiday;

(2) have a telephone system capable of accepting or
recording incoming phone calls for verifications after 5 p.m.
Monday through Friday and all day on Saturday, Sunday, and legal
holidays; and
(3) respond to calls accepted or recorded on the telephone system described by Subdivision (2) not later than the next business day after the date the call is received.

SECTION 4. Section 843.348, Insurance Code, is amended by adding Subsections (i) and (j) to read as follows:

(i) A health maintenance organization providing routine vision services as a single health care service plan or providing dental health care services as a single health care service plan is not required to comply with Subsection (f) with respect to those services. For purposes of this subsection, "routine vision services" means a routine annual or biennial eye examination to determine ocular health and refractive conditions that may include provision of glasses or contact lenses.

(j) A health maintenance organization described by Subsection (i) shall:

(1) have appropriate personnel reasonably available at a toll-free telephone number to respond to requests for preauthorization under this section between 8 a.m. and 5 p.m. central time Monday through Friday on each day that is not a legal holiday;

(2) have a telephone system capable of accepting or recording incoming phone calls for preauthorizations after 5 p.m. Monday through Friday and all day on Saturday, Sunday, and legal holidays; and

(3) respond to calls accepted or recorded on the telephone system described by Subdivision (2) not later than the next business day after the date the call is received.
SECTION 5. Sections 843.210 and 1301.0061, Insurance Code, as added by this Act, apply only to a contract between an insurer or health maintenance organization and a group policy or contract holder that is entered into or renewed on or after January 1, 2006. A contract entered into or renewed before January 1, 2006, is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 6. (a) With respect to a contract entered into between an insurer or health maintenance organization and a physician or health care provider, and payment for medical care or health care services under the contract, Subsections (h) and (i), Section 843.347, Insurance Code, and Subsections (i) and (j), Section 843.348, Insurance Code, as added by this Act, apply only to a contract entered into or renewed on or after the 60th day after the effective date of this Act and payment for services under the contract. Such a contract entered into before the 60th day after the effective date of this Act and not renewed or that was last renewed before the 60th day after the effective date of this Act, and payment for medical care or health care services under the contract, are governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

(b) With respect to the payment for medical care or health care services provided, but not provided under a contract to which Subsection (a) of this section applies, Subsections (h) and (i), Section 843.347, Insurance Code, and Subsections (i) and (j), Section 843.348, Insurance Code, as added by this Act, apply only to
the payment for those services provided on or after the 60th day
after the effective date of this Act. Payment for those services
provided before the 60th day after the effective date of this Act is
governed by the law in effect immediately before the effective date
of this Act, and that law is continued in effect for that purpose.

SECTION 7. This Act takes effect September 1, 2005.

[Signatures]

David B. Swanson
President of the Senate

Jim C. Thomas
Speaker of the House

I hereby certify that S.B. No. 51 passed the Senate on
April 14, 2005, by the following vote: Yeas 31, Nays 0; and that
the Senate concurred in House amendment on May 27, 2005, by the
following vote: Yeas 29, Nays 0.

Larry Lamb
Secretary of the Senate

I hereby certify that S.B. No. 51 passed the House, with
amendment, on May 25, 2005, by a non-record vote.

Robert Haney
Chief Clerk of the House

Approved: 17 JUNE '05
Rick Perry
Governor

[Signature]

[Signature]

Roger Williams
Secretary of State

5