

# CFOCUS



GRIZZAFFI DARBY  
BEYOND BENEFITS

For too long, Texas employers have been left at the mercy of their Insurance Provider when it comes to renewing existing policies or negotiating with carriers to replace coverage. One of the largest sticking points has traditionally been a lack of quality, reliable claim information which your consultant can provide to carriers interested in bidding for your business, and use to hold them accountable for renewal action.



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On May 22, 2007, the Texas Legislature passed H.B. No. 2015 providing a possible relief for this problem.

H.B. No. 2015 will become law as long as it is not vetoed by June 17, 2007. We do not expect for this Bill to be vetoed.

The Law will become effective for requests made on or after January 1, 2008.

The Bill provides that the reporting available to all employers in Texas after that timeframe will include claims information, including protected health information, for the 36-month period preceding the date of the report or the entire period of coverage, whichever period is shorter. Subsections of the reporting should include the following:

- **Aggregate paid claims experience by month broken out by medical, dental and pharmacy where appropriate;**
- **Total premiums paid by month;**
- **Total number of covered employees on a monthly basis by tier;**
- **Total dollar amount of claims pending as of the date of the report;**
- **A separate description and individual claims report for any individual whose total paid claims exceed \$15,000 during the 12-month period preceding the date of the report including a unique identifying number or code for the individual, the amounts paid, dates of service and applicable procedure and diagnosis codes;**
- **A statement describing the pre-certification requests for hospital stays of five days or longer that were made during the 30-day period preceding the date of the report.**



The Bill does provide that Insurance Carriers can withhold protected health information if the release of information would hold them in violation of a more stringent State or Federal Law. The carrier must notify plan sponsors if they intend to withhold the information. However, the Bill provides specific verbiage whereby those clients complying with Privacy legislation can disclose the responsible parties within the policyholder and agree to limit the use and disclosure of the protected health information. We would recommend that each request for release include this verbiage when the request is made to simplify and expedite the requests.

Requests can be made for claims experience from prior insurance carriers as well under the provisions of H.B. No. 2015 provided the request is made on or before the second anniversary of the date of termination of coverage. This provision intends to reduce any gap in information caused by a vendor change and will allow for claim data reported after a carrier change has been made to be evaluated in subsequent claim evaluations.

After receiving the reporting, a ten-day period is allowed for plan sponsors to request additional information for individuals in active case management, including any future expected costs and any treatment plan relating to claims for those individuals.

Now, what does this mean to policyholders?

First, this disclosure of information will enable policyholders a higher degree of comfort when reviewing and predicting renewal action. Since claims are a primary determinant of future rates, knowing what claims have been and are projected to be will help policyholders make more informed decisions.

Second, the information will relieve much of the pressure on insurance carriers to "guess" how healthy or unhealthy your group is. For those with good claims experience that means better rates and more competitive benefit packages. For those with bad experience, it means more justified renewals and a more difficult time finding underwriters to "buy" your business in the first year out of a lack of detailed information.

In short, these provisions are good for clients and insurance carriers for different reasons, and the result should be a more clearly defined marketing and plan evaluation for both. When properly applied, this Bill will allow clients to better understand what is happening within the plan and make plan options more predictable.

For carriers, this means that underwriting can be more objective and rely less on plan sponsors to "tell carriers only what they know." Underwriting should become simpler based on information that must be provided to all policyholders, and policyholders should expect to have quotes withheld or declined without the presentation of the reporting provided for in H.B. No. 2015.

