



**Texas Association of Health Plans**

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Dear Chairman Oliverson and Members of the House Insurance Committee,

The Texas Association of Health Plans (TAHP) is the statewide trade association representing health insurers, health maintenance organizations, and other related health care entities operating in Texas. **TAHP is strongly opposed to adding the additional administrative burdens and unnecessary regulations proposed in HB 4067.** While our member plans are not opposed to sharing the additional information required under the bill, the examinations should be tied to the existing triennial examination requirement.

TAHP is opposed to new mandates that increase administrative costs and premiums and offer little to no value to Texas employers or families. Annual exams would be extremely burdensome and expensive, while providing no additional value to our state's health care system or additional patient protections. HMO and EPO plans are already subject to "quality of care" triennial exams (once every 3 years) by TDI that include preauthorization and other medical management processes. During these exams, TDI reviews the health plan's full preauthorization processes, including compliance with requirements for template letters, response times, and approval and denials. TDI is also authorized to conduct targeted exams on any health plan or health insurer based on complaints or other information. More importantly, health plans are required to report substantial changes to their preauthorization processes within 30 days, making annual exams a waste of time and money.

TDI examinations are burdensome and expensive for health plans. These exams can take weeks, or even months, to complete. Health insurance is regulated based on a complaint driven system where regulations do not create unnecessary administrative costs. This is how all other states regulate health insurance. This is also how physician licensure or any other type of licensure works. Just as it would be extremely burdensome for the Texas Medical Board to review every doctor's medical records every year to ensure that Texas patients are receiving appropriate care, it is equally problematic to do the same thing with health insurance regulation when complaints and appeals are not indicating there is an issue.

Neither the National Association of Insurance Commissioners (NAIC) nor the National Council of Insurance Legislators (NCOIL) have ever recommended annual examinations, and it is not required of other types of insurance companies in Texas. Health plans' medical management

processes are already heavily regulated by TDI under state law and are some of the strictest regulations in the country. When they change, state law requires plan issuers to notify TDI within 30 days.

While TAHP member plans are comfortable sharing the additional information that the bill would require, **we strongly recommend aligning the bill with current, triennial examination requirements.** Again, because plans are required to report any changes to their preauthorization process within 30 days, these annual exams would provide no additional information, as the information will have either been provided on the existing triennial exam or reported as a change to their current processes.

Sincerely,

*M. Blake Hutson*

Blake Hutson, Director of Public Affairs  
Texas Association of Health Plans