

AN ACT

relating to the operation of certain employer coalitions and cooperatives established for the provision of health benefits coverage.

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

SECTION 1. Article 26.02, Insurance Code, is amended by adding Subdivision (32-a) to read as follows:

(32-a) "Small employer health coalition" means a private purchasing cooperative composed solely of small employers that is formed under Subchapter B of this chapter.

SECTION 2. The heading to Subchapter B, Chapter 26, Insurance Code, is amended to read as follows:

SUBCHAPTER B. COALITIONS AND PURCHASING COOPERATIVES

SECTION 3. Article 26.15, Insurance Code, is amended by amending Subsection (b) and adding Subsection (e) to read as follows:

(b) A cooperative may contract only with small or large employer carriers that ~~[who desire to offer coverage through the cooperative and who]~~ demonstrate:

(1) that the carrier is a health carrier or health maintenance organization licensed and in good standing with the department;

(2) the capacity to administer the health benefit plans;

1 (3) the ability to monitor and evaluate the quality
2 and cost effectiveness of care and applicable procedures;

3 (4) the ability to conduct utilization management and
4 applicable procedures and policies;

5 (5) the ability to assure enrollees adequate access to
6 health care providers, including adequate numbers and types of
7 providers;

8 (6) a satisfactory grievance procedure and the ability
9 to respond to enrollees' calls, questions, and complaints; and

10 (7) financial capacity, either through financial
11 solvency standards as applied by the commissioner or through
12 appropriate reinsurance or other risk-sharing mechanisms.

13 (e) A cooperative may not limit, restrict, or condition an
14 employer's or employee's membership in a cooperative or choice
15 among benefit plans based on health status related factors,
16 duration of coverage, or any similar characteristic related to the
17 health status or experience of a group or of any member of a group.

18 SECTION 4. Article 26.16(b), Insurance Code, is amended to
19 read as follows:

20 (b) A small employer health coalition that otherwise meets
21 the description of a small employer is considered a single small
22 employer for all purposes under this chapter. Any other cooperative
23 formed under this subchapter is considered an employer solely for
24 the purposes of benefit elections under this ~~the~~ code.

25 SECTION 5. Articles 26.21(b) and (c), Insurance Code, are
26 amended to read as follows:

27 (b) This article does not impose a statutory mandate of an

1 employer contribution to the premium paid to the small employer
2 carrier. However, the small employer carrier may require an
3 employer contribution in accordance with the carrier's usual and
4 customary practices on all employer group health insurance plans in
5 this state. The premium contribution level shall be applied
6 uniformly to each small employer offered or issued coverage by the
7 small employer carrier in this state. If two or more small employer
8 carriers participate in a purchasing cooperative established under
9 Article 26.14 of this code, the carrier may use the contribution
10 requirement established by the purchasing cooperative for policies
11 marketed by the cooperative. ~~[Coverage is available under a small
12 employer health benefit plan if at least 75 percent of a small
13 employer's eligible employees elect to be covered.]~~

14 (c) Coverage is available under a small employer health
15 benefit plan if at least 75 percent of a small employer's eligible
16 employees, or, if applicable, the lower participation level offered
17 by the small employer carrier under Subsection (d) of this article,
18 elect to be covered. If a small employer offers multiple health
19 benefit plans, the collective enrollment of all of those plans must
20 be at least 75 percent of the small employer's eligible employees
21 or, if applicable, the lower participation level offered by the
22 small employer carrier under Subsection (d) of this article. A
23 small employer carrier may elect not to offer health benefit plans
24 to a small employer who offers multiple health benefit plans if such
25 plans are to be provided by more than one carrier and the small
26 employer carrier would have less than 75 percent of the small
27 employer's eligible employees enrolled in the small employer

1 carrier's health benefit plan [~~unless the coverage is provided~~
 2 ~~through a purchasing cooperative~~]. A small employer who elects to
 3 make contributions for payment of the premium is not required to pay
 4 any amount with respect to an employee who elects not to be covered.
 5 The small employer may elect to pay the premium cost for additional
 6 coverage. This chapter does not require a small employer to
 7 purchase health insurance coverage for the employer's employees.

8 SECTION 6. Article 26.72(a), Insurance Code, is amended to
 9 read as follows:

10 (a) A small employer carrier or agent may not, directly or
 11 indirectly:

12 (1) encourage or direct a small employer to refrain
 13 from applying for coverage with the small employer carrier because
 14 of health status or claim experience of the eligible employees and
 15 dependents of the small employer;

16 (2) encourage or direct a small employer to seek
 17 coverage from another health carrier because of health status or
 18 claim experience of the eligible employees and dependents of the
 19 small employer; ~~or~~

20 (3) encourage or direct a small employer to apply for a
 21 particular small employer health benefit plan because of health
 22 status or claim experience of the eligible employees and dependents
 23 of the small employer; or

24 (4) encourage or direct a small employer to become a
 25 member or not become a member of a particular small employer health
 26 coalition because of the health status or claim experience of the
 27 eligible employees and dependents of that small employer.

H.B. No. 897

1 SECTION 7. This Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I certify that H.B. No. 897 was passed by the House on April 23, 2003, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 897 on May 30, 2003, by a non-record vote.

Chief Clerk of the House

I certify that H.B. No. 897 was passed by the Senate, with amendments, on May 28, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor