

By: Woolley

H.B. No. 897

A BILL TO BE ENTITLED

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 choice among benefit plans based on health
15 status related factors, duration of coverage, or any similar
16 characteristic related to the health status or experience of a
17 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 code. 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. Article 26.21(c), Insurance Code, is amended to
26 read as follows:

27 (c) If a small employer offers multiple health benefit

1 plans, the collective enrollment of all of those plans must be at
2 least 75 percent of the small employer's eligible employees or, if
3 applicable, the lower participation level offered by the small
4 employer carrier under Subsection (d) of this article. A small
5 employer carrier may elect not to offer health benefit plans to a
6 small employer who offers multiple health benefit plans if such
7 plans are to be provided by more than one carrier and the small
8 employer carrier would have less than 75 percent of the small
9 employer's eligible employees enrolled in the small employer
10 carrier's health benefit plan [~~unless the coverage is provided~~
11 ~~through a purchasing cooperative~~]. A small employer who elects to
12 make contributions for payment of the premium is not required to pay
13 any amount with respect to an employee who elects not to be covered.
14 The small employer may elect to pay the premium cost for additional
15 coverage. This chapter does not require a small employer to
16 purchase health insurance coverage for the employer's employees.

17 SECTION 6. This Act takes effect September 1, 2003, and
18 applies only to a health benefit plan delivered, issued for
19 delivery, or renewed on or after January 1, 2004. A health benefit
20 plan delivered, issued for delivery, or renewed before January 1,
21 2004, is governed by the law as it existed immediately before the
22 effective date of this Act, and that law is continued in effect for
23 that purpose.