

By: Averitt

S.B. No. 466

A BILL TO BE ENTITLED

AN ACT

1
2 relating to reinsurance requirements for certain small employer
3 health benefit plans.

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

5 SECTION 1. Articles 26.02(28)-(34), Insurance Code, as
6 amended by Chapters 608 and 823, Acts of the 77th Legislature,
7 Regular Session, 2001, are reenacted and amended to read as
8 follows:

9 (28) "Risk characteristic" means:

10 (A) a health status related factor;

11 (B) the duration of coverage; or

12 (C) any characteristic similar to a
13 characteristic described by Paragraph (A) or (B) of this
14 subdivision that is related to the health status or experience of a
15 small employer group or of any member of a small employer group.

16 ~~[(28) "Risk-assuming carrier" means a small employer~~
17 ~~carrier that elects not to participate in the system.]~~

18 (29) "Risk load" means the percentage above the
19 applicable base premium rate a small employer carrier charges to a
20 small employer to reflect the risk characteristics associated with
21 that particular small employer group.

22 (30) ~~[(29)]~~ "Small employer" means an employer who
23 employed an average of at least two employees but not more than 50
24 eligible employees on business days during the preceding calendar

1 year and who employs at least two employees on the first day of the
2 plan year. For purposes of this definition, a partnership is the
3 employer of a partner. A small employer includes a governmental
4 entity subject to Section 1, Chapter 123, Acts of the 60th
5 Legislature, Regular Session, 1967 (Article 3.51-3, Vernon's Texas
6 Insurance Code), or Article 3.51-1, 3.51-2, 3.51-4, 3.51-5, or
7 3.51-5A of this code that otherwise meets the requirements of this
8 section.

9 (31) [~~(30)~~] "Small employer carrier" means a health
10 carrier, to the extent that that carrier is offering, delivering,
11 issuing for delivery, or renewing health benefit plans subject to
12 Subchapters C-G of this chapter under Article 26.06(a) of this
13 code.

14 (32) [~~(31)~~] "Small employer health benefit plan"
15 means a plan developed by the commissioner under Subchapter E of
16 this chapter or any other health benefit plan offered to a small
17 employer in accordance with Article 26.42(c) or 26.48 of this code.

18 (33) [~~(32)~~] "System" means the Texas Health
19 Reinsurance System established under Subchapter F of this chapter.

20 (34) [~~(33)~~] "Waiting period" means a period
21 established by an employer that must pass before an individual who
22 is a potential enrollee in a health benefit plan is eligible to be
23 covered for benefits.

24 SECTION 2. Articles 26.58(a), (c), and (g), Insurance Code,
25 are amended to read as follows:

26 (a) A small employer carrier shall [~~may~~] reinsure risks
27 covered under the small employer health benefit plans with the

1 system as provided by this article.

2 (c) A small employer carrier shall ~~[may]~~ reinsure:

3 (1) an entire small employer group not later than the
4 60th day after the date on which the group's coverage under the
5 small employer health benefit plans takes effect;

6 (2) ~~[. A small employer carrier may reinsure]~~ an
7 eligible employee of a small employer or the employee's dependent
8 not later than the 60th day after the date on which that
9 individual's coverage takes effect; and

10 (3) a ~~[. A]~~ newly eligible employee or dependent of a
11 reinsured small employer group or an individual covered under the
12 small employer health benefit plans ~~[may be reinsured]~~ not later
13 than the 60th day after the date on which that individual's coverage
14 takes effect.

15 (g) Except as provided in the plan of operation, a reinsured
16 carrier shall apply consistently with respect to reinsured ~~[and~~
17 ~~nonreinsured]~~ business all managed care procedures, including
18 utilization review, individual case management, preferred provider
19 provisions, and other managed care provisions or methods of
20 operation.

21 SECTION 3. The following laws are repealed:

22 (1) Article 26.51, Insurance Code;

23 (2) Article 26.52, Insurance Code; and

24 (3) Article 26.58(f), Insurance Code.

25 SECTION 4. This Act takes effect September 1, 2003, and
26 applies only to an insurance policy, contract, or evidence of
27 coverage delivered, issued for delivery, or renewed on or after

1 January 1, 2004. A policy, contract, or evidence of coverage
2 delivered, issued for delivery, or renewed before January 1, 2004,
3 is governed by the law as it existed immediately before the
4 effective date of this Act, and that law is continued in effect for
5 that purpose.