

BILL ANALYSIS

H.B. 2390
By: Harper-Brown
Pensions & Investments
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Independent Colleges and Universities of Texas, Inc. (ICUT) is a nonprofit association representing the 40 private colleges and universities in Texas. In June 2002, ICUT began forming a health insurance consortium in order to try to stabilize rising health insurance costs.

Twenty-three ICUT members formed Collegiate Association Resource of the Southwest, Inc. (CARES). On September 1, 2004, the Texas Department of Insurance (TDI) granted CARES a temporary one year certificate of authority to operate as a Multiple Employer Welfare Arrangement or MEWA. Universities now enrolled are: Texas Christian University, Austin College, University of Dallas, Trinity University, and Houston Baptist University, which collectively represent approximately 3,000 faculty and staff.

Though TDI granted CARES temporary authority to operate, it did not approve the rating structure submitted by CARES. The institutions that founded CARES believe they must take into account an institution's claims history when setting rates at the university level, and they believe this rating structure is critical for the long term viability of the consortium. With this in mind, CARES would be better suited for regulation under the Employee Retirement Income Security Act of 1974 (ERISA).

HB 2390 requires CARES to operate under ERISA regulations, giving the colleges and universities of CARES more flexibility in setting rates for the consortium and increasing the likelihood of the consortium's long-term success. This would influence additional colleges and universities to enroll including others from adjoining states.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution or agency.

ANALYSIS

SECTION 1: Adds Title 6 to the Education Code, which outlines the formation of a benefits consortium, removes Collegiate Association Resource of the Southwest from TDI regulation and subjects it to the requirements of Employee Retirement Income Security Act of 1974.

SECTION 2: Effective Date: Immediately if it receives a two-thirds vote of all the members elected to each house or September 1, 2005.

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