

BILL ANALYSIS

Senate Research Center
79R1303 DLF-D

S.B. 805
By: Averitt
State Affairs
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

During the 78th Legislature, Regular Session, 2003, legislation was passed creating health group cooperatives. During the rules adoption process, several areas needing legislative clarification were identified. As proposed, S.B. 805 clarifies that participation in a health group cooperative by a health insurance carrier is voluntary and provides that health group cooperatives may be composed of small employers or large employers, but not both.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 2 (Section 1501.0181, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 1501, Insurance Code, as effective April 1, 2005, and as amended by the Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive additions to and corrections in enacted codes (the general code update bill), by adding Section 1501.0575, as follows:

Sec. 1501.0575. VOLUNTARY PARTICIPATION BY ISSUER IN COOPERATIVE. Authorizes a health benefit plan issuer to elect not to participate in a health group cooperative. Authorizes the health benefit plan issuer to elect to participate in one or more health group cooperatives and to select the cooperatives in which the issuer will participate.

SECTION 2. Amends Subchapter B, Chapter 1501.0581, Insurance Code, as effective April 1, 2005, and as amended by the Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive additions to and corrections in enacted codes (the general code update bill), by amending Subsections (a), (b), and (c) and adding Subsections (o) and (p), as follows:

- (a) Authorizes the membership of a health group cooperative to consist only of small employers or to consist only of large employers. Prohibits the membership of a health group cooperative from consisting of both small and large employers.
- (b) Provides that this subsection is subject to Subsection (o). Makes conforming changes.
- (c) Provides that this subsection is subject to Subsection (o). Makes conforming changes.
- (o) Provides that a health group cooperative consisting only of small employers is not required to allow a small employer to join the health group cooperative under Subsection (c) under certain conditions.
- (p) Requires a health group collective to make the election described by Subsection (o) at the time the cooperative is initially formed. Requires evidence of the election to be filed in writing with the commissioner of insurance (commissioner) in the form and at the time prescribed by the commissioner by rule.

SECTION 3. Amends Section 1501.063(b), Insurance Code, as effective April 1, 2005, and as amended by the Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive additions to and corrections in enacted codes (the general code update bill), as follows:

(b) Provides that a health group cooperative that is composed only of small employers and otherwise qualifies this subsection is considered a single employer under this code and is required to be treated in the same manner as a small employer for the purposes of this chapter, including for the purposes of any provision relating to premium rates and issuance and renewal of coverage. Provides that a cooperative qualifies for treatment as single small employer under this subsection only if the total number of eligible employees employed on business days during the preceding calendar year by all small employers participating in the cooperative does not exceed 50. Deletes text pertaining to a health group cooperative.

SECTION 4. Authorizes, notwithstanding Section 1501.0581(p), Insurance Code, as added by this Act, a health group cooperative to make the election described by Section 1501.0581(o), Insurance Code, as added by the Act, not later than December 31, 2005.

SECTION 5. Makes application of this Act contingent upon the passage of the Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive addition to and corrections in enacted codes. Provides that if the Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive addition to and corrections in enacted codes does not become law, this Act has no effect.

SECTION 6. Sets forth that to the extent of any conflict, this Act prevails over another Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive additions to and correction in enacted codes.

SECTION 7. Effective date: September 1, 2005.