

By: Averitt

S.B. No. 805

Substitute the following for S.B. No. 805:

By: Taylor

C.S.S.B. No. 805

A BILL TO BE ENTITLED

AN ACT

relating to certain small and large employer health cooperatives.

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

SECTION 1. Subchapter B, Chapter 1501, Insurance Code, 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), is amended by adding Section 1501.0575 to read as follows:

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

SECTION 2. Section 1501.0581, Insurance Code, as added 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), is amended by amending Subsections (a), (b), and (c) and adding Subsections (o) and (p) to read as follows:

(a) The membership of a health group cooperative may consist only of small employers or may consist only of large employers, but may not ~~[, at the option of the health group cooperative,]~~ consist of both small and large employers. To participate as a member of a health group cooperative, an employer must be a small or large

1 employer as described by this chapter.

2 (b) Subject to the requirements imposed on small employer
3 health benefit plan issuers under Section 1501.101, a health group
4 cooperative:

5 (1) shall allow a small employer to join a [the] health
6 group cooperative consisting only of small employers and enroll in
7 health benefit plan coverage, subject to Subsection (o); and

8 (2) may allow a large employer to join a [the] health
9 group cooperative consisting only of large employers and enroll in
10 health benefit plan coverage.

11 (c) Subject to Subsection (o), a [A] health group
12 cooperative consisting only of small employers shall allow any
13 small employer to join the health group cooperative and enroll in
14 the cooperative's health benefit plan coverage during the initial
15 enrollment and annual open enrollment periods.

16 (o) A health group cooperative consisting only of small
17 employers is not required to allow a small employer to join the
18 health group cooperative under Subsection (c) if:

19 (1) the cooperative has elected to restrict membership
20 in the cooperative in accordance with this subsection and
21 Subsection (p); and

22 (2) after the small employer has joined the
23 cooperative, the total number of eligible employees employed on
24 business days during the preceding calendar year by all small
25 employers participating in the cooperative would exceed 50.

26 (p) A health group cooperative must make the election
27 described by Subsection (o) at the time the cooperative is

1 initially formed. Evidence of the election must be filed in writing
2 with the commissioner in the form and at the time prescribed by the
3 commissioner by rule.

4 SECTION 3. Section 1501.063, Insurance Code, as amended by
5 the Act of the 79th Legislature, Regular Session, 2005, relating to
6 nonsubstantive additions to and corrections in enacted codes (the
7 general code update bill), is amended by amending Subsection (b)
8 and adding Subsections (b-1), (b-2), and (b-3) to read as follows:

9 (b) A health group cooperative [~~that is composed only of~~
10 ~~small employers~~] is considered a single employer under this code.

11 (b-1) A health group cooperative that is composed only of
12 small employers and that has made the election described by Section
13 1501.0581(o)(1) in accordance with Subsection (p) of that section
14 [and] shall be treated in the same manner as a small employer for
15 the purposes of this chapter, including for the purposes of any
16 provision relating to premium rates and issuance and renewal of
17 coverage.

18 (b-2) A health group cooperative that is composed only of
19 small [~~and large~~] employers and that has not made the election
20 described by Section 1501.0581(o)(1) in accordance with Subsection
21 (p) of that section:

22 (1) shall be treated in the same manner as a single
23 small employer under this code for the purposes of any provision
24 relating to premium rates; and

25 (2) shall be treated as a single large employer for all
26 other purposes, including for purposes of any provision relating to
27 issuance and renewal of coverage.

1 **(b-3)** [~~is considered a single employer under this code and,~~
2 ~~in relation to the small employers that are members of the~~
3 ~~cooperative, shall be treated in the same manner as a small~~
4 ~~employer. A health group cooperative that is composed of small and~~
5 ~~large employers may elect to extend the protections of this chapter~~
6 ~~that are applicable to small employer groups to the large employer~~
7 ~~groups that participate in the cooperative.] A health group
8 cooperative shall have sole authority to make benefit elections and
9 perform other administrative functions under this code for the
10 cooperative's participating employers.~~

11 SECTION 4. Section 1501.324, Insurance Code, is amended to
12 read as follows:

13 Sec. 1501.324. LIMIT ON TOTAL ASSESSMENTS. The maximum
14 assessment amount payable for a calendar year may not exceed 10
15 [~~five~~] percent of the total premiums earned in the preceding
16 calendar year from small employer health benefit plans delivered or
17 issued for delivery by reinsured health benefit plan issuers in
18 this state.

19 SECTION 5. Subsections (d) and (e), Section 1501.325,
20 Insurance Code, are amended to read as follows:

21 (d) A reinsured health benefit plan issuer may not cede
22 additional eligible lives to the system [~~write small employer~~
23 ~~health benefit plans on a guaranteed issue basis~~] during a calendar
24 year if the assessment amount payable for the preceding calendar
25 year is at least 10 [~~five~~] percent of the total premiums earned in
26 that calendar year from small employer health benefit plans
27 delivered or issued for delivery by reinsured health benefit plan

1 issuers in this state.

2 (e) A reinsured health benefit plan issuer may not cede
3 additional eligible lives to the system [~~write small employer~~
4 ~~health benefit plans on a guaranteed issue basis~~] after the board
5 determines that the expected loss from the reinsurance system for a
6 year will exceed the total amount of assessments payable at a rate
7 of 10 [~~five~~] percent of the total premiums earned for the preceding
8 calendar year. A reinsured health benefit plan issuer may not
9 resume ceding additional eligible lives to the system [~~writing~~
10 ~~small employer health benefit plans on a guaranteed issue basis~~]
11 until the board determines that the expected loss will be less than
12 the maximum established by this subsection.

13 SECTION 6. Notwithstanding Subsection (p), Section
14 1501.0581, Insurance Code, as added by this Act, a health group
15 cooperative in existence on the effective date of this Act may make
16 the election described by Subsection (o), Section 1501.0581,
17 Insurance Code, as added by this Act, not later than December 31,
18 2005.

19 SECTION 7. The provisions of this Act amending Section
20 1501.324, Insurance Code, by increasing the maximum total
21 assessment amount payable for a calendar year from five percent to
22 10 percent of total premiums earned in the preceding calendar year
23 from small employer health benefit plans delivered or issued for
24 delivery by reinsured health benefit plan issuers in this state,
25 expire September 1, 2007. The provisions of this Act amending
26 Subsections (d) and (e), Section 1501.325, Insurance Code, by
27 increasing from five percent to 10 percent the ratio between the

1 assessment amount payable for the preceding calendar year and the
2 total applicable premiums earned in the preceding calendar year, at
3 or above which limitations are imposed on reinsured small employer
4 health benefit plan issuers, expire September 1, 2007.

5 SECTION 8. Not later than January 1, 2006, the commissioner
6 of insurance shall adopt rules under Section 1501.010, Insurance
7 Code, as necessary to implement the change in law made by this Act.

8 SECTION 9. This Act takes effect only if S.B. No. 979 or
9 H.B. No. 2018 or another Act of the 79th Legislature, Regular
10 Session, 2005, relating to nonsubstantive additions to and
11 corrections in enacted codes becomes law. If S.B. No. 979 or H.B.
12 No. 2018 or another Act of the 79th Legislature, Regular Session,
13 2005, relating to nonsubstantive additions to and corrections in
14 enacted codes does not become law, this Act has no effect.

15 SECTION 10. To the extent of any conflict, this Act prevails
16 over another Act of the 79th Legislature, Regular Session, 2005,
17 relating to nonsubstantive additions to and corrections in enacted
18 codes.

19 SECTION 11. This Act takes effect September 1, 2005.