

By: Averitt

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 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), 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 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), 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

1 both small and large employers. To participate as a member of a
2 health group cooperative, an employer must be a small or large
3 employer as described by this chapter.

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

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

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

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

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

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

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

1 (p) A health group cooperative must make the election
2 described by Subsection (o) at the time the cooperative is
3 initially formed. Evidence of the election must be filed in writing
4 with the commissioner in the form and at the time prescribed by the
5 commissioner by rule.

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

11 (b) A health group cooperative that is composed only of
12 small employers and otherwise qualifies under this subsection is
13 considered a single employer under this code and shall be treated in
14 the same manner as a small employer for the purposes of this
15 chapter, including for the purposes of any provision relating to
16 premium rates and issuance and renewal of coverage. A cooperative
17 qualifies for treatment as a single small employer under this
18 subsection only if the total number of eligible employees employed
19 on business days during the preceding calendar year by all small
20 employers participating in the cooperative does not exceed 50. [~~A~~
21 ~~health group cooperative that is composed of small and large~~
22 ~~employers is considered a single employer under this code and, in~~
23 ~~relation to the small employers that are members of the~~
24 ~~cooperative, shall be treated in the same manner as a small~~
25 ~~employer. A health group cooperative that is composed of small and~~
26 ~~large employers may elect to extend the protections of this chapter~~
27 ~~that are applicable to small employer groups to the large employer~~

1 ~~groups that participate in the cooperative.]~~ A health group
2 cooperative shall have sole authority to make benefit elections and
3 perform other administrative functions under this code for the
4 cooperative's participating employers.

5 SECTION 4. Notwithstanding Section 1501.0581(p), Insurance
6 Code, as added by this Act, a health group cooperative in existence
7 on the effective date of this Act may make the election described by
8 Section 1501.0581(o), Insurance Code, as added by this Act, not
9 later than December 31, 2005.

10 SECTION 5. This Act takes effect only if the Act of the 79th
11 Legislature, Regular Session, 2005, relating to nonsubstantive
12 additions to and corrections in enacted codes becomes law. If the
13 Act of the 79th Legislature, Regular Session, 2005, relating to
14 nonsubstantive additions to and corrections in enacted codes does
15 not become law, this Act has no effect.

16 SECTION 6. To the extent of any conflict, this Act prevails
17 over another Act of the 79th Legislature, Regular Session, 2005,
18 relating to nonsubstantive additions to and corrections in enacted
19 codes.

20 SECTION 7. This Act takes effect September 1, 2005.