

1-1 By: Averitt S.B. No. 805  
1-2 (In the Senate - Filed February 28, 2005; March 10, 2005,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 April 13, 2005, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 8, Nays 0; April 13, 2005,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 805 By: Armbrister

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to certain small and large employer health cooperatives.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Subchapter B, Chapter 1501, Insurance Code, as  
1-13 effective April 1, 2005, and as amended by the Act of the 79th  
1-14 Legislature, Regular Session, 2005, relating to nonsubstantive  
1-15 additions to and corrections in enacted codes (the general code  
1-16 update bill), is amended by adding Section 1501.0575 to read as  
1-17 follows:

1-18 Sec. 1501.0575. VOLUNTARY PARTICIPATION BY ISSUER IN  
1-19 COOPERATIVE. A health benefit plan issuer may elect not to  
1-20 participate in a health group cooperative. The health benefit plan  
1-21 issuer may elect to participate in one or more health group  
1-22 cooperatives and may select the cooperatives in which the issuer  
1-23 will participate.

1-24 SECTION 2. Section 1501.0581, Insurance Code, as added by  
1-25 the Act of the 79th Legislature, Regular Session, 2005, relating to  
1-26 nonsubstantive additions to and corrections in enacted codes (the  
1-27 general code update bill), is amended by amending Subsections (a),  
1-28 (b), and (c) and adding Subsections (o) and (p) to read as follows:

1-29 (a) The membership of a health group cooperative may consist  
1-30 only of small employers or may consist only of large employers, but  
1-31 may not ~~at the option of the health group cooperative,~~ consist of  
1-32 both small and large employers. To participate as a member of a  
1-33 health group cooperative, an employer must be a small or large  
1-34 employer as described by this chapter.

1-35 (b) Subject to the requirements imposed on small employer  
1-36 health benefit plan issuers under Section 1501.101, a health group  
1-37 cooperative:

1-38 (1) shall allow a small employer to join a ~~the~~ health  
1-39 group cooperative consisting only of small employers and enroll in  
1-40 health benefit plan coverage, subject to Subsection (o); and

1-41 (2) may allow a large employer to join a ~~the~~ health  
1-42 group cooperative consisting only of large employers and enroll in  
1-43 health benefit plan coverage.

1-44 (c) Subject to Subsection (o), a [A] health group  
1-45 cooperative consisting only of small employers shall allow any  
1-46 small employer to join the health group cooperative and enroll in  
1-47 the cooperative's health benefit plan coverage during the initial  
1-48 enrollment and annual open enrollment periods.

1-49 (o) A health group cooperative consisting only of small  
1-50 employers is not required to allow a small employer to join the  
1-51 health group cooperative under Subsection (c) if:

1-52 (1) the cooperative has elected to restrict membership  
1-53 in the cooperative in accordance with this subsection and  
1-54 Subsection (p); and

1-55 (2) after the small employer has joined the  
1-56 cooperative, the total number of eligible employees employed on  
1-57 business days during the preceding calendar year by all small  
1-58 employers participating in the cooperative would exceed 50.

1-59 (p) A health group cooperative must make the election  
1-60 described by Subsection (o) at the time the cooperative is  
1-61 initially formed. Evidence of the election must be filed in writing  
1-62 with the commissioner in the form and at the time prescribed by the  
1-63 commissioner by rule.

SECTION 3. Section 1501.063, 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 Subsection (b) and adding Subsections (b-1), (b-2), and (b-3) to read as follows:

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

(b-1) A health group cooperative that is composed only of small employers and that has made the election described by Section 1501.0581(o)(1) in accordance with Subsection (p) of that section [~~and~~] shall 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.

(b-2) A health group cooperative that is composed only of small [~~and large~~] employers and that has not made the election described by Section 1501.0581(o)(1) in accordance with Subsection (p) of that section, or a health group cooperative that is composed only of large employers, shall be treated in the same manner as a large employer for the purposes of this chapter, including for the purposes of any provision relating to premium rates and issuance and renewal of coverage.

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

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

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

SECTION 6. This Act takes effect only if S.B. No. 979 or H.B. No. 2018 or another Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive additions to and corrections in enacted codes becomes law. If S.B. No. 979 or H.B. No. 2018 or another Act of the 79th Legislature, Regular Session, 2005, relating to nonsubstantive additions to and corrections in enacted codes does not become law, this Act has no effect.

SECTION 7. 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 corrections in enacted codes.

SECTION 8. This Act takes effect September 1, 2005.

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