BILL ANALYSIS

C.S.H.B. 1182
By: Davis, John
Government Reform
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A large minority of residents in Texas are uninsured. Some studies indicate that Texas has an uninsured rate of approximately 23.5 percent, which would make Texas one of the worst uninsured states in the country. In comparison, the national average is estimated at 12 percent. The City of El Paso is believed to be the most uninsured city in the nation; other cities in Texas with very high percentages of uninsured residents include Houston and Dallas.

Employers nationwide are increasingly dropping health care coverage for workers. In 2002, the number of US residents insured by their employers dropped by an estimated 1.3 million to 61.3 percent of the total population. In 2004, the estimated total percentage of Texans who had employer-based insurance dropped to 51 percent. More than 75 percent of uninsured are believed to be full-time workers, and approximately 50 percent live in households earning $75,000 or more.

This bill gives school districts and state agencies the option to give preference, when making purchasing decisions, for vendors that provide health benefits to their employees, providing that the goods or services meet their agency specifications regarding quantity and quality, and the cost of the good or service does not substantially exceed the cost of other similar goods or services.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

The bill amends the Education Code and the Government Code to authorize school districts, the Building and Procurement Commission (commission), and state agencies, in determining to whom to award certain contracts, to consider whether the vendor provides healthcare benefits, or equivalent health savings, to its employees.

The bill requires school districts, the commission, and state agencies procuring goods or services to give preference to a vendor, which provides healthcare benefits, or equivalent health savings, to its employees. Preference may be given only if the goods or services meet specified quantity and quality and the cost of the goods or services does not exceed the cost of similar goods or services produced by a vendor that does not provide health care benefits to its employees. The bill requires a contract awarded to vendor under the this preference must include terms that allow the termination of the contract, if the vendor at any time does not continue to provide health benefits at a level comparable at which the vendor originally claimed.

Lastly, the bill makes conforming changes to the Education and Government Code and states that this bill only applies to contracts first published on or after September 1, 2007; all other contracts would be governed by the law in effect at the time the contract was first published.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The committee substitute differs from the original, in that it takes into account whether the vendor provides healthcare benefits or equivalent health savings benefits; whereas the original only takes into account the vendor providing healthcare benefits.