

## **BILL ANALYSIS**

C.S.H.B. 1351  
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Insurance  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Current law requires that staff leasing companies give written notice to all assigned employees informing them about the staff leasing arrangement no later than the employees first payday. In practice many assigned employees disregard this notice. This bill requires the notice be given in writing or electronically, whichever is deemed most effective.

Also under current law, a license holder may not sponsor a plan of self-insurance for health benefits except as permitted by the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.). The proposed excludes the sponsorship of self-funded unless they are an ERISA plan. It addresses the vague language which has led to different interpretations of whether a leasing company can sponsor a self-funded plan. This legislation spells out clearly that a leasing company can sponsor a self-funded ERISA benefit plan for assigned employees.

### **RULEMAKING AUTHORITY**

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

### **ANALYSIS**

C.S.H.B. 1351 relates to the operation of certain staff leasing services arrangements.

SECTION 1 amends Section 91.031(b) and (c), Labor Code, by adding that the license holder may give the notice in writing or in an electronic document with a proof of delivery receipt. The section is also amended to remove the word "written" from Subsection (c) to reflect the change in Subsection (b).

Next, SECTION 2 amends Section 91.043, Labor Code, by adding Subsection (c) which states that the client companies of a license holder may establish a multiple employer welfare arrangement as provided by Chapter 846, Insurance Code, to provide a health benefit plan for their assigned employees. For purposes of this subsection, "health benefit plan" has the meaning assigned by Section 846.001, Insurance Code.

SECTION 3 amends Section 846.053, Insurance Code, by adding Subsection (e-1) to state that notwithstanding Subsections (b) through (e), the client companies of a license holder under Chapter 91, Labor Code, may form a multiple employer welfare arrangement under this chapter to the extent authorized by the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.).

Finally, SECTION 4 of this Act only applies to a contract between a staff leasing services license holder and a client company that is entered into on or after the effective date of this Act. A contract entered into before that date is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

### **EFFECTIVE DATE**

September 1, 2007.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 1351 differs from the original by changing the words "face to face meeting" to an "electronic document with a proof of delivery receipt" in SECTION 1.

C.S.H.B. 1351 80(R)