

BILL ANALYSIS

S.B. 1255
By: Averitt
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2003, the 78th Legislature, Regular Session, created health group cooperatives. During the implementation and rules adoption process, the Texas Department of Insurance (TDI) expressed concern that allowing both large and small employers within a single cooperative could be difficult to administer. The 79th Legislature prohibited small and large employers from participating in the same health cooperative. Since that time, TDI has resolved the administrative concerns and now supports removing the prohibition. Allowing for flexibility in the structure of a health cooperative can lessen the difficulties in developing a cooperative within a community.

S.B. 1255 authorizes both large and small employers to participate within the same health cooperative. The bill also clarifies that membership in such a cooperative may be restricted to employers within a single industry.

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

SECTION 1. Amends Section 1501.0581, Insurance Code, by amending Subsections (a), (b), and (c) and adding Subsection (a-1), as follows:

(a) Authorizes the membership of a health group cooperative (cooperative) to consist of only small employers, only large employers, or both large and small employers.

(a-1) Authorizes the membership of a cooperative to be restricted to small and large employers within a single industry grouping as defined by the most recent edition of the United States Census Bureau's North American Industry Classification System, notwithstanding Subsections (b) and (c).

(b) Sets forth membership requirements for a cooperative. Makes conforming changes.

(c) Makes conforming changes.

SECTION 2. Amends Section 1501.063(b) and (b-2), Insurance Code, as follows:

(b) Provides that a cooperative composed of only small employers, only large employers, or both small and large employers, is considered a single employer under this code.

(b-2) Authorizes certain cooperatives composed of only small employers or cooperatives that are composed of both small and large employers to be treated in the same manner as a large employer for the purpose of this chapter.

SECTION 3. Section 1501.063, Insurance Code, as amended by this Act, applies only to an election made under that section on or after the effective date of this Act. An election made before the effective date of this Act is governed by the law in effect on the date the election was made, and the former law is continued in effect for that purpose.

SECTION 4. Effective date: September 1, 2007.

EFFECTIVE DATE

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September 1, 2007.

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