

1-1 By: Watson, Ellis S.B. No. 922
1-2 (In the Senate - Filed February 26, 2007; March 7, 2007,
1-3 read first time and referred to Committee on State Affairs;
1-4 May 3, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; May 3, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 922 By: Lucio

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

1-10 relating to regional or local health care programs for employees of
1-11 small employers.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subtitle C, Title 2, Health and Safety Code, is
1-14 amended by adding Chapter 75 to read as follows:

1-15 CHAPTER 75. REGIONAL OR LOCAL HEALTH CARE PROGRAMS FOR EMPLOYEES OF
1-16 SMALL EMPLOYERS

1-17 SUBCHAPTER A. GENERAL PROVISIONS

1-18 Sec. 75.001. PURPOSE. The purpose of this chapter is to:

1-19 (1) improve the health of employees of small employers
1-20 and their families by improving the employees' access to health
1-21 care and by reducing the number of those employees who are
1-22 uninsured;

1-23 (2) reduce the likelihood that those employees and
1-24 their families will require services from state-funded entitlement
1-25 programs such as Medicaid;

1-26 (3) contribute to economic development by helping
1-27 small businesses remain competitive with a healthy workforce and
1-28 health care benefits that will attract employees; and

1-29 (4) encourage innovative solutions for providing and
1-30 funding health care services and benefits.

1-31 Sec. 75.002. DEFINITIONS. In this chapter:

1-32 (1) "Employee" means an individual employed by an
1-33 employer. The term includes a partner of a partnership and the
1-34 proprietor of a sole proprietorship.

1-35 (2) "Governing body" means:

1-36 (A) the commissioners courts of the counties
1-37 participating in a regional health care program;

1-38 (B) the commissioners court of a county
1-39 participating in a local health care program; or

1-40 (C) the governing body of the joint council,
1-41 nonprofit entity exempt from federal taxation, or other entity that
1-42 operates a regional or local health care program.

1-43 (3) "Local health care program" means a local health
1-44 care program operating in one county and established for the
1-45 benefit of the employees of small employers under Subchapter B.

1-46 (4) "Regional health care program" means a regional
1-47 health care program operating in two or more counties and
1-48 established for the benefit of the employees of small employers
1-49 under Subchapter B.

1-50 (5) "Small employer" means a person who employed an
1-51 average of at least two employees but not more than 50 employees on
1-52 business days during the preceding calendar year and who employs at
1-53 least two employees on the first day of the plan year.

1-54 [Sections 75.003-75.050 reserved for expansion]

1-55 SUBCHAPTER B. REGIONAL OR LOCAL HEALTH CARE PROGRAM

1-56 Sec. 75.051. ESTABLISHMENT OF PROGRAM; MULTICOUNTY
1-57 COOPERATION. (a) The commissioners court of a county may, by
1-58 order, establish or participate in a local health care program
1-59 under this subchapter.

1-60 (b) The commissioners courts of two or more counties may, by
1-61 joint order, establish or participate in a regional health care
1-62 program under this subchapter.

1-63 Sec. 75.052. GOVERNANCE OF PROGRAM. (a) A regional health

2-1 care program may be operated subject to the direct governance of the
 2-2 commissioners courts of the participating counties. A local health
 2-3 care program may be operated subject to the direct governance of the
 2-4 commissioners court of the participating county. A regional or
 2-5 local health care program may be operated by a joint council,
 2-6 tax-exempt nonprofit entity, or other entity that:

2-7 (1) operates the program under a contract with the
 2-8 commissioners court or courts, as applicable; or

2-9 (2) is an entity in which the county or counties
 2-10 participate or that is established or designated by the
 2-11 commissioners court or courts, as applicable, to operate the
 2-12 program.

2-13 (b) In selecting an entity described by Subsection (a)(1) or
 2-14 (2) to operate a regional or local health care program, the
 2-15 commissioners court or courts, as applicable, shall require, to the
 2-16 extent possible, that the entity be authorized under federal law to
 2-17 accept donations on a basis that is tax-deductible or otherwise
 2-18 tax-advantaged for the contributor.

2-19 Sec. 75.053. OPERATION OF PROGRAM. A regional or local
 2-20 health care program provides health care services or benefits to
 2-21 the employees of participating small employers who are located
 2-22 within the boundaries of the participating county or counties, as
 2-23 applicable. A program may also provide services or benefits to the
 2-24 dependents of those employees.

2-25 Sec. 75.054. PARTICIPATION BY SMALL EMPLOYERS; SHARE OF
 2-26 COST. Subject to Section 75.153, the governing body may establish
 2-27 criteria for participation in a regional or local health care
 2-28 program by small employers, the employees of the small employers,
 2-29 and their dependents. The criteria must require that participating
 2-30 employers and participating employees pay a share of the premium or
 2-31 other cost of the program.

2-32 Sec. 75.055. ADDITIONAL FUNDING. (a) A governing body may
 2-33 accept and use a gift, grant, or donation from any source to operate
 2-34 the regional or local health care program and to provide services or
 2-35 benefits under the program.

2-36 (b) A governing body may apply for and receive funding from
 2-37 the health opportunity pool under Subchapter D.

2-38 (b-1) A governing body may apply for and receive a grant
 2-39 under Subchapter E to support a regional or local health care
 2-40 program. This subsection expires September 1, 2009.

2-41 (c) A governing body shall actively solicit gifts, grants,
 2-42 and donations to:

2-43 (1) fund services and benefits provided under the
 2-44 regional or local health care program; and

2-45 (2) reduce the cost of participation in the program
 2-46 for small employers and their employees.

2-47 [Sections 75.056-75.100 reserved for expansion]

2-48 SUBCHAPTER C. HEALTH CARE SERVICES AND BENEFITS

2-49 Sec. 75.101. ALTERNATIVE PROGRAMS AUTHORIZED; PROGRAM
 2-50 OBJECTIVES. In developing a regional or local health care program,
 2-51 a governing body may provide health care services or benefits as
 2-52 described by this subchapter or may develop another type of program
 2-53 to accomplish the purposes of this chapter. A regional or local
 2-54 health care program must be developed, to the extent practicable,
 2-55 to:

2-56 (1) reduce the number of individuals without health
 2-57 benefit plan coverage within the boundaries of the participating
 2-58 county or counties;

2-59 (2) address rising health care costs and reduce the
 2-60 cost of health care services or health benefit plan coverage for
 2-61 small employers and their employees within the boundaries of the
 2-62 participating county or counties;

2-63 (3) promote preventive care and reduce the incidence
 2-64 of preventable health conditions, such as heart disease, cancer,
 2-65 and diabetes and low birth weight in infants;

2-66 (4) promote efficient and collaborative delivery of
 2-67 health care services;

2-68 (5) serve as a model for the innovative use of health
 2-69 information technology to promote efficient delivery of health care

3-1 services, reduce health care costs, and improve the health of the
3-2 community; and

3-3 (6) provide fair payment rates for health care
3-4 providers.

3-5 Sec. 75.102. HEALTH BENEFIT PLAN COVERAGE. (a) A regional
3-6 or local health care program may provide health care benefits to the
3-7 employees of small employers by purchasing or facilitating the
3-8 purchase of health benefit plan coverage for those employees from a
3-9 health benefit plan issuer, including coverage under:

3-10 (1) a small employer health benefit plan offered under
3-11 Chapter 1501, Insurance Code;

3-12 (2) a standard health benefit plan offered under
3-13 Chapter 1507, Insurance Code; or

3-14 (3) any other health benefit plan available in this
3-15 state.

3-16 (b) The governing body may form one or more cooperatives
3-17 under Subchapter B, Chapter 1501, Insurance Code.

3-18 (c) Notwithstanding Chapter 1251, Insurance Code, an
3-19 insurer may issue a group accident and health insurance policy,
3-20 including a group contract issued by a group hospital service
3-21 corporation, to cover the employees of small employers
3-22 participating in a regional or local health care program. The group
3-23 policyholder of a policy issued in accordance with this subsection
3-24 is the governing body or the designee of the governing body.

3-25 (d) A health maintenance organization may issue a health
3-26 care plan to cover the employees of small employers participating
3-27 in a regional or local health care program. The group contract
3-28 holder of a contract issued in accordance with this subsection is
3-29 the governing body or the designee of the governing body.

3-30 Sec. 75.103. OTHER HEALTH BENEFIT PLANS OR PROGRAMS. To the
3-31 extent authorized by federal law, the governing body may establish
3-32 or facilitate the establishment of self-funded health benefit plans
3-33 or may facilitate the provision of health benefit coverage through
3-34 health savings accounts and high-deductible health plans.

3-35 Sec. 75.104. HEALTH CARE SERVICES. (a) A regional or
3-36 local health care program may contract with health care providers
3-37 within the boundaries of the participating county or counties to
3-38 provide health care services directly to the employees of
3-39 participating small employers and the dependents of those
3-40 employees.

3-41 (b) A governing body that operates a regional or local
3-42 health care program under this section may require that
3-43 participating employees and dependents obtain health care services
3-44 only from health care providers that contract to provide those
3-45 services under the program and may limit the health care services
3-46 provided under the program to services provided within the
3-47 boundaries of the participating county or counties.

3-48 (c) A governing body operating a regional or local health
3-49 care program operated under this section is not an insurer or health
3-50 maintenance organization and the program is not subject to
3-51 regulation by the Texas Department of Insurance.

3-52 [Sections 75.105-75.150 reserved for expansion]

3-53 SUBCHAPTER D. TEXAS HEALTH OPPORTUNITY POOL

3-54 Sec. 75.151. DEFINITION. In this subchapter, "health
3-55 opportunity pool" means the pooled fund of state money and federal
3-56 money established and used in accordance with a waiver under
3-57 Section 1115 of the federal Social Security Act (42 U.S.C. Section
3-58 1315) to the state Medicaid plan.

3-59 Sec. 75.152. FUNDING AUTHORIZED. Notwithstanding any other
3-60 law, a regional or local health care program may apply for funding
3-61 from the health opportunity pool and the pool may provide funding in
3-62 accordance with this subchapter.

3-63 Sec. 75.153. ELIGIBILITY FOR POOL FUNDS; STATEWIDE
3-64 ELIGIBILITY CRITERIA. To be eligible for funding from money in the
3-65 health opportunity pool that is provided subject to a federal
3-66 waiver, a regional or local health care program must comply with any
3-67 requirement imposed under the waiver, including, to the extent
3-68 applicable, any requirement that health care benefits or services
3-69 provided under the program be provided in accordance with statewide

4-1 eligibility criteria.

4-2 [Sections 75.154-75.200 reserved for expansion]

4-3 SUBCHAPTER E. GRANTS FOR DEMONSTRATION PROJECTS

4-4 Sec. 75.201. DEFINITIONS. In this subchapter:

4-5 (1) "Commission" means the Health and Human Services
4-6 Commission.

4-7 (2) "Executive commissioner" means the executive
4-8 commissioner of the commission.

4-9 Sec. 75.202. GRANT PROGRAM. (a) The executive
4-10 commissioner may establish a grant program to support the initial
4-11 establishment and operation of one or more regional or local health
4-12 care programs as demonstration projects.

4-13 (b) In selecting grant recipients, the executive
4-14 commissioner shall consider the extent to which the regional or
4-15 local health care program proposed by the applicant accomplishes
4-16 the purposes of this chapter and meets the objectives established
4-17 under Section 75.101. If the executive commissioner establishes a
4-18 grant program under this subchapter, the executive commissioner
4-19 must select at least one grant recipient operating a regional
4-20 health care program to receive a grant.

4-21 (c) The commission shall establish performance objectives
4-22 for a grant recipient and shall monitor the performance of the grant
4-23 recipient.

4-24 Sec. 75.203. REVIEW OF DEMONSTRATION PROJECT; REPORT. Not
4-25 later than December 1, 2008, the commission shall complete a review
4-26 of each regional or local health care program that receives a grant
4-27 under this subchapter and shall submit to the governor, the
4-28 lieutenant governor, and the speaker of the house of
4-29 representatives a report that includes:

4-30 (1) an evaluation of the success of regional and local
4-31 health care programs in accomplishing the purposes of this chapter;
4-32 and

4-33 (2) the commission's recommendations for any
4-34 legislation needed to facilitate or improve regional and local
4-35 health care programs.

4-36 Sec. 75.204. EXPIRATION. This subchapter expires September
4-37 1, 2009.

4-38 SECTION 2. The heading to Subtitle C, Title 2, Health and
4-39 Safety Code, is amended to read as follows:

4-40 SUBTITLE C. PROGRAMS PROVIDING ~~INDIGENT~~ HEALTH CARE BENEFITS AND
4-41 SERVICES

4-42 SECTION 3. This Act takes effect immediately if it receives
4-43 a vote of two-thirds of all the members elected to each house, as
4-44 provided by Section 39, Article III, Texas Constitution. If this
4-45 Act does not receive the vote necessary for immediate effect, this
4-46 Act takes effect September 1, 2007.

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