

AN ACT

relating to the powers and duties of certain small and large employer health cooperatives.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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

(a) The membership of a health group cooperative may consist of only ~~of~~ small employers, ~~[or may consist]~~ only ~~of~~ large employers, or ~~[but may not consist of]~~ both small and large employers. To participate as a member of a health group cooperative, an employer must be a small or large employer as described by this chapter.

(a-1) Notwithstanding Subsections (b) and (c), membership in a health group cooperative may 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.

(b) Subject to the requirements imposed on small employer health benefit plan issuers under Section 1501.101 and subject to Subsections (a-1) and (o), a health group cooperative:

(1) shall allow a small employer to join a health group cooperative consisting of only ~~of~~ small employers or both small and large employers and enroll in health benefit plan coverage[7

1 ~~subject to Subsection (o)]~~; and

2 (2) may allow a large employer to join the [a] health
3 group cooperative [~~consisting only of large employers~~] and enroll
4 in health benefit plan coverage.

5 (c) Subject to Subsections (a-1) and [~~Subsection~~] (o), a
6 health group cooperative consisting of only [~~of~~] small employers or
7 both small and large employers shall allow any small employer to
8 join the health group cooperative and enroll in the cooperative's
9 health benefit plan coverage during the initial enrollment and
10 annual open enrollment periods.

11 SECTION 2. Subsections (b) and (b-2), Section 1501.063,
12 Insurance Code, are amended to read as follows:

13 (b) A health group cooperative that is composed of only
14 small employers, only large employers, or both small and large
15 employers is considered a single employer under this code.

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

24 SECTION 3. Section 1501.063, Insurance Code, as amended by
25 this Act, applies only to an election made under that section on or
26 after the effective date of this Act. An election made before the
27 effective date of this Act is governed by the law in effect on the

1 date the election was made, and the former law is continued in
2 effect for that purpose.

3 SECTION 4. This Act takes effect September 1, 2007.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1255 passed the Senate on
May 3, 2007, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1255 passed the House on
May 23, 2007, by the following vote: Yeas 144, Nays 0, two
present not voting.

Chief Clerk of the House

Approved:

Date

Governor