

By: Averitt

S.B. No. 1255

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the powers and duties of certain small and large health
3 cooperatives.

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

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

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

14 (a-1) Notwithstanding Subsections (b) and (c), membership
15 in a health group cooperative may be restricted to small and large
16 employers within a single industry.

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

20 (1) shall allow a small employer to join the [~~a~~] health
21 group cooperative [~~consisting only of small employers~~] and enroll
22 in health benefit plan coverage [~~, subject to Subsection (c)~~]; and

23 (2) may allow a large employer to join the [~~a~~] health
24 group cooperative [~~consisting only of large employers~~] and enroll

1 in health benefit plan coverage.

2 (c) Subject to Subsection (a-1) [~~(e)~~], a health group
3 cooperative [~~consisting only of small employers~~] shall allow any
4 small employer to join the health group cooperative and enroll in
5 the cooperative's health benefit plan coverage during the initial
6 enrollment and annual open enrollment periods.

7 SECTION 2. Section 1501.063, Insurance Code, is amended to
8 read as follows:

9 Sec. 1501.063. STATUS AS EMPLOYER. (a) A small employer
10 health coalition that otherwise meets the description of a small
11 employer is considered a single small employer for all purposes
12 under this chapter.

13 (b) A health group cooperative that is composed only of
14 small employers is considered a single employer under this code
15 and[-

16 [~~(b-1) A health group cooperative that is composed only of~~
17 [~~small employers and that has made the election described by~~
18 [~~Section 1501.0581(o)(1) in accordance with Subsection (p) of that~~
19 [~~section~~] shall be treated in the same manner as a small employer for
20 the purposes of this chapter, including for the purposes of any
21 provision relating to premium rates and issuance and renewal of
22 coverage.

23 [~~(b-2)~~] A health group cooperative that is composed [~~only~~]
24 of small and large employers is considered a single employer under
25 this code and, in relation to the small employers that are members
26 of the cooperative, shall be treated in the same manner as a small
27 employer. A health group cooperative that is composed of small and

1 large employers may elect to extend the protections of this chapter
2 that are applicable to small employer groups to the large employer
3 groups that participate in the cooperative [~~and that has not made~~
4 ~~the election described by Section 1501.0581(o)(1) in accordance~~
5 ~~with Subsection (p) of that section, or a health group cooperative~~
6 ~~that is composed only of large employers, shall be treated in the~~
7 ~~same manner as a large employer for the purposes of this chapter,~~
8 ~~including for the purposes of any provision relating to premium~~
9 ~~rates and issuance and renewal of coverage].~~

10 [(b-3)] A health group cooperative shall have sole
11 authority to make benefit elections and perform other
12 administrative functions under this code for the cooperative's
13 participating employers.

14 (c) Any other cooperative formed under this subchapter is
15 considered an employer solely for the purposes of benefit elections
16 under this code.

17 SECTION 3. Subsections (o) and (p), Section 1501.0581,
18 Insurance Code, are repealed.

19 SECTION 4. The repeal of Subsections (o) and (p), Section
20 1501.0581, Insurance Code, applies only to an election to restrict
21 membership in a health group cooperative made on or after the
22 effective date of this Act. An election made before the effective
23 date of this Act is governed by the law in effect on the date the
24 election was made, and the former law is continued in effect for
25 that purpose.

26 SECTION 5. Section 1501.063, Insurance Code, as amended by
27 this Act, applies only to an election made under that section on or

1 after the effective date of this Act. An election made before the
2 effective date of this Act is governed by the law in effect on the
3 date the election was made, and the former law is continued in
4 effect for that purpose.

5 SECTION 6. This Act takes effect September 1, 2007.