

1-1 By: Averitt S.B. No. 1255
1-2 (In the Senate - Filed March 6, 2007; March 14, 2007, read
1-3 first time and referred to Committee on State Affairs;
1-4 April 24, 2007, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 8, Nays 0; April 24, 2007,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1255 By: Harris

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

1-10 relating to the powers and duties of certain small and large
1-11 employer health cooperatives.

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

1-13 SECTION 1. Section 1501.0581, Insurance Code, is amended by
1-14 amending Subsections (a), (b), and (c) and adding Subsection (a-1)
1-15 to read as follows:

1-16 (a) The membership of a health group cooperative may consist
1-17 of only ~~of~~ small employers, ~~or may consist~~ only ~~of~~ large
1-18 employers, or ~~but may not consist of~~ both small and large
1-19 employers. To participate as a member of a health group
1-20 cooperative, an employer must be a small or large employer as
1-21 described by this chapter.

1-22 (a-1) Notwithstanding Subsections (b) and (c), membership
1-23 in a health group cooperative may be restricted to small and large
1-24 employers within a single industry grouping as defined by the most
1-25 recent edition of the United States Census Bureau's North American
1-26 Industry Classification System.

1-27 (b) Subject to the requirements imposed on small employer
1-28 health benefit plan issuers under Section 1501.101 and subject to
1-29 Subsections (a-1) and (o), a health group cooperative:

1-30 (1) shall allow a small employer to join a health group
1-31 cooperative consisting of only ~~of~~ small employers or both small
1-32 and large employers and enroll in health benefit plan coverage ~~or~~
1-33 ~~subject to Subsection (o)~~; and

1-34 (2) may allow a large employer to join the ~~the~~ a health
1-35 group cooperative ~~consisting only of large employers~~ and enroll
1-36 in health benefit plan coverage.

1-37 (c) Subject to Subsections (a-1) and ~~Subsection~~ (o), a
1-38 health group cooperative consisting of only ~~of~~ small employers or
1-39 both small and large employers shall allow any small employer to
1-40 join the health group cooperative and enroll in the cooperative's
1-41 health benefit plan coverage during the initial enrollment and
1-42 annual open enrollment periods.

1-43 SECTION 2. Subsections (b) and (b-2), Section 1501.063,
1-44 Insurance Code, are amended to read as follows:

1-45 (b) A health group cooperative that is composed of only
1-46 small employers, only large employers, or both small and large
1-47 employers is considered a single employer under this code.

1-48 (b-2) A health group cooperative that is composed only of
1-49 small employers and that has not made the election described by
1-50 Section 1501.0581(o)(1) in accordance with Subsection (p) of that
1-51 section, or a health group cooperative that is composed ~~only~~ of
1-52 both small and large employers, may ~~shall~~ be treated in the same
1-53 manner as a large employer for the purposes of this chapter,
1-54 including for the purposes of any provision relating to premium
1-55 rates and issuance and renewal of coverage.

1-56 SECTION 3. Section 1501.063, Insurance Code, as amended by
1-57 this Act, applies only to an election made under that section on or
1-58 after the effective date of this Act. An election made before the
1-59 effective date of this Act is governed by the law in effect on the
1-60 date the election was made, and the former law is continued in
1-61 effect for that purpose.

1-62 SECTION 4. This Act takes effect September 1, 2007.

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