

By: Williams

S.B. No. 1637

A BILL TO BE ENTITLED

AN ACT

relating to a small employer health benefit plan premium assistance program.

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

SECTION 1. Chapter 1501, Insurance Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. SMALL EMPLOYER PREMIUM ASSISTANCE PROGRAM

Sec. 1501.401. DEFINITIONS. In this subchapter:

(1) "Commission" means the Health and Human Services Commission.

(2) "Program" means the small employer premium assistance program.

Sec. 1501.402. PROGRAM DEVELOPMENT. The department and the commission shall jointly develop a small employer premium assistance program designed to provide financial assistance for the purchase of small employer health benefit plans by small employers.

Sec. 1501.403. CONSOLIDATION OF PROGRAM DESIGN. In developing the program, the department and the commission shall consider:

(1) targeting small employers;

(2) provisions to limit employers and others from electing to discontinue other private coverage for employees;

(3) establishing a minimum percentage of premium that a small employer must pay for the premium of each eligible

1 employee's coverage;

2 (4) limiting the eligibility of enrollees for whom
3 financial assistance is provided to individuals at or below 300
4 percent of the federal poverty level based on the federal Office of
5 Management and Budget poverty index;

6 (5) allocating available opportunities for enrollment
7 in the program to geographic regions of the state, based on the
8 percentage of the state's small employers that are located in each
9 region;

10 (6) establishing that enrollment in the program is
11 valid for one year and may be renewed in accordance with procedures
12 established by the department and the commission;

13 (7) a process to verify that small employers
14 participating in the program use premium assistance to purchase and
15 maintain a small employer health benefit plan; and

16 (8) programs and efforts undertaken by other states to
17 provide premium assistance to small employers.

18 Sec. 1501.404. COORDINATION WITH OTHER EFFORTS. The
19 department and the commission shall ensure that efforts to develop
20 a small employer premium assistance program are consistent with any
21 other premium assistance effort operated, under development, or
22 under consideration by either agency.

23 SECTION 2. Subdivision (16), Section 1501.002, Insurance
24 Code, is amended to read as follows:

25 (16) "Small employer health benefit plan issuer" means
26 a health benefit plan issuer, to the extent that the issuer is
27 offering, delivering, issuing for delivery, or renewing health

1 benefit plans subject to Subchapters C-I [~~C-H~~].

2 SECTION 3. Section 1501.003, Insurance Code, is amended to
3 read as follows:

4 Sec. 1501.003. APPLICABILITY: SMALL EMPLOYER HEALTH
5 BENEFIT PLANS. An individual or group health benefit plan is a
6 small employer health benefit plan subject to Subchapters C-I [~~C-H~~]
7 if it provides health care benefits covering two or more eligible
8 employees of a small employer and:

9 (1) the employer pays a portion of the premium or
10 benefits;

11 (2) the employer or a covered individual treats the
12 health benefit plan as part of a plan or program for purposes of
13 Section 106 or 162, Internal Revenue Code of 1986 (26 U.S.C. Section
14 106 or 162); or

15 (3) the health benefit plan is an employee welfare
16 benefit plan under 29 C.F.R. Section 2510.3-1(j).

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