

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. DEFINITION. In this subchapter, "program" means the small employer premium assistance program.

Sec. 1501.402. PROGRAM ESTABLISHED. (a) The department shall implement a small employer premium assistance program to provide financial assistance for the purchase of small employer health benefit plans by small employers.

(b) The department may limit premium payment assistance provided or enrollment under the program to the levels supported by available funding.

Sec. 1501.403. ELIGIBILITY FOR PROGRAM. (a) To be eligible for premium assistance under the program, a small employer:

(1) must employ an average of at least two employees but not more than 25 eligible employees:

(A) on business days during the calendar year preceding the year in which application for participation or renewal of participation in the program is made; or

(B) as determined in the manner described by

1 Section 1501.011(a);

2 (2) may not have offered health benefit plan coverage
3 to the employer's employees during the 12-month period preceding
4 the date of application; and

5 (3) must pay at least 50 percent of the premium of
6 each eligible employee's coverage.

7 (b) A small employer is not eligible for premium assistance
8 under the program if the average annual compensation of the
9 employer's employees, excluding the owner of the small employer,
10 exceeds 300 percent of the federal poverty level, as determined
11 under rules adopted by the commissioner, based on the federal
12 Office of Management and Budget poverty index.

13 Sec. 1501.404. APPLICATION PROCESS. (a) A small employer
14 may apply to participate in the program in accordance with
15 procedures established by the department.

16 (b) An applicant employer must provide documentation to
17 verify the applicant's eligibility for the program, including wage
18 information.

19 Sec. 1501.405. ENROLLMENT. (a) The department shall
20 allocate available opportunities for enrollment in the program to
21 geographic regions of the state based on the percentage of the
22 state's small employers located in each region, as determined by
23 the department.

24 (b) Within a geographic region, the department shall enroll
25 applicants in the program in the order in which the completed
26 applications are received.

27 Sec. 1501.406. RENEWAL. Enrollment in the program is valid

1 for a period of one year and may be renewed in accordance with
2 procedures established by the department.

3 Sec. 1501.407. AMOUNT OF PREMIUM ASSISTANCE. (a) Subject
4 to Subsection (b), the amount of the premium assistance payment for
5 a small employer receiving assistance from the program is \$50 for
6 each employee for each month.

7 (b) The amount of the premium assistance payment for each
8 employee for each month is reduced annually, on renewal, in
9 increments of \$15.

10 Sec. 1501.408. PURCHASE OF SMALL EMPLOYER HEALTH BENEFIT
11 PLAN. A small employer participating in the program shall use the
12 premium assistance to purchase and maintain coverage under a small
13 employer health benefit plan. The small employer may select any
14 small employer health benefit plan available in the small employer
15 market in this state.

16 Sec. 1501.409. VERIFICATION OF USE OF PREMIUM
17 ASSISTANCE. (a) The department shall verify that small employers
18 participating in the program use premium assistance to purchase and
19 maintain a small employer health benefit plan.

20 (b) A small employer that fails to use premium assistance as
21 required by this subchapter is liable to the department for the
22 amount of premium assistance provided to the employer that is not
23 used as required by this subchapter.

24 Sec. 1501.410. RULES. The commissioner, in accordance
25 with Subchapter A, Chapter 36, shall adopt rules necessary to
26 implement this subchapter.

27 SECTION 2. Section 1501.002(16), Insurance Code, is amended

1 to read as follows:

2 (16) "Small employer health benefit plan issuer" means
3 a health benefit plan issuer, to the extent that the issuer is
4 offering, delivering, issuing for delivery, or renewing health
5 benefit plans subject to Subchapters C-I [~~C-H~~].

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

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

13 (1) the employer pays a portion of the premium or
14 benefits;

15 (2) the employer or a covered individual treats the
16 health benefit plan as part of a plan or program for purposes of
17 Section 106 or 162, Internal Revenue Code of 1986 (26 U.S.C. Section
18 106 or 162); or

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

21 SECTION 4. The commissioner of insurance shall adopt rules
22 as necessary to implement Subchapter I, Chapter 1501, Insurance
23 Code, as added by this Act, not later than December 1, 2007, with
24 initial enrollment in the small employer premium assistance program
25 established by that subchapter beginning on January 1, 2008.

26 SECTION 5. This Act takes effect immediately if it receives
27 a vote of two-thirds of all the members elected to each house, as

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1 provided by Section 39, Article III, Texas Constitution. If this
2 Act does not receive the vote necessary for immediate effect, this
3 Act takes effect September 1, 2007.