

1-1 By: Williams S.B. No. 1637
1-2 (In the Senate - Filed March 8, 2007; March 21, 2007, read
1-3 first time and referred to Committee on State Affairs;
1-4 April 25, 2007, reported favorably by the following vote: Yeas 8,
1-5 Nays 0; April 25, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to a small employer health benefit plan premium assistance
1-9 program.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-11 SECTION 1. Chapter 1501, Insurance Code, is amended by
1-12 adding Subchapter I to read as follows:

1-13 SUBCHAPTER I. SMALL EMPLOYER PREMIUM ASSISTANCE PROGRAM

1-14 Sec. 1501.401. DEFINITION. In this subchapter, "program"
1-15 means the small employer premium assistance program.

1-16 Sec. 1501.402. PROGRAM ESTABLISHED. (a) The department
1-17 shall implement a small employer premium assistance program to
1-18 provide financial assistance for the purchase of small employer
1-19 health benefit plans by small employers.

1-20 (b) The department may limit premium payment assistance
1-21 provided or enrollment under the program to the levels supported by
1-22 available funding.

1-23 Sec. 1501.403. ELIGIBILITY FOR PROGRAM. (a) To be
1-24 eligible for premium assistance under the program, a small
1-25 employer:

1-26 (1) must employ an average of at least two employees
1-27 but not more than 25 eligible employees:

1-28 (A) on business days during the calendar year
1-29 preceding the year in which application for participation or
1-30 renewal of participation in the program is made; or

1-31 (B) as determined in the manner described by
1-32 Section 1501.011(a);

1-33 (2) may not have offered health benefit plan coverage
1-34 to the employer's employees during the 12-month period preceding
1-35 the date of application; and

1-36 (3) must pay at least 50 percent of the premium of each
1-37 eligible employee's coverage.

1-38 (b) A small employer is not eligible for premium assistance
1-39 under the program if the average annual compensation of the
1-40 employer's employees, excluding the owner of the small employer,
1-41 exceeds 300 percent of the federal poverty level, as determined
1-42 under rules adopted by the commissioner, based on the federal
1-43 Office of Management and Budget poverty index.

1-44 Sec. 1501.404. APPLICATION PROCESS. (a) A small employer
1-45 may apply to participate in the program in accordance with
1-46 procedures established by the department.

1-47 (b) An applicant employer must provide documentation to
1-48 verify the applicant's eligibility for the program, including wage
1-49 information.

1-50 Sec. 1501.405. ENROLLMENT. (a) The department shall
1-51 allocate available opportunities for enrollment in the program to
1-52 geographic regions of the state based on the percentage of the
1-53 state's small employers located in each region, as determined by
1-54 the department.

1-55 (b) Within a geographic region, the department shall enroll
1-56 applicants in the program in the order in which the completed
1-57 applications are received.

1-58 Sec. 1501.406. RENEWAL. Enrollment in the program is valid
1-59 for a period of one year and may be renewed in accordance with
1-60 procedures established by the department.

1-61 Sec. 1501.407. AMOUNT OF PREMIUM ASSISTANCE. (a) Subject
1-62 to Subsection (b), the amount of the premium assistance payment for
1-63 a small employer receiving assistance from the program is \$50 for
1-64 each employee for each month.

2-1 (b) The amount of the premium assistance payment for each
2-2 employee for each month is reduced annually, on renewal, in
2-3 increments of \$15.

2-4 Sec. 1501.408. PURCHASE OF SMALL EMPLOYER HEALTH BENEFIT
2-5 PLAN. A small employer participating in the program shall use the
2-6 premium assistance to purchase and maintain coverage under a small
2-7 employer health benefit plan. The small employer may select any
2-8 small employer health benefit plan available in the small employer
2-9 market in this state.

2-10 Sec. 1501.409. VERIFICATION OF USE OF PREMIUM ASSISTANCE.
2-11 (a) The department shall verify that small employers
2-12 participating in the program use premium assistance to purchase and
2-13 maintain a small employer health benefit plan.

2-14 (b) A small employer that fails to use premium assistance as
2-15 required by this subchapter is liable to the department for the
2-16 amount of premium assistance provided to the employer that is not
2-17 used as required by this subchapter.

2-18 Sec. 1501.410. RULES. The commissioner, in accordance
2-19 with Subchapter A, Chapter 36, shall adopt rules necessary to
2-20 implement this subchapter.

2-21 SECTION 2. Subdivision (16), Section 1501.002, Insurance
2-22 Code, is amended to read as follows:

2-23 (16) "Small employer health benefit plan issuer" means
2-24 a health benefit plan issuer, to the extent that the issuer is
2-25 offering, delivering, issuing for delivery, or renewing health
2-26 benefit plans subject to Subchapters C-I [~~C-H~~].

2-27 SECTION 3. Section 1501.003, Insurance Code, is amended to
2-28 read as follows:

2-29 Sec. 1501.003. APPLICABILITY: SMALL EMPLOYER HEALTH
2-30 BENEFIT PLANS. An individual or group health benefit plan is a
2-31 small employer health benefit plan subject to Subchapters C-I [~~C-H~~]
2-32 if it provides health care benefits covering two or more eligible
2-33 employees of a small employer and:

2-34 (1) the employer pays a portion of the premium or
2-35 benefits;

2-36 (2) the employer or a covered individual treats the
2-37 health benefit plan as part of a plan or program for purposes of
2-38 Section 106 or 162, Internal Revenue Code of 1986 (26 U.S.C. Section
2-39 106 or 162); or

2-40 (3) the health benefit plan is an employee welfare
2-41 benefit plan under 29 C.F.R. Section 2510.3-1(j).

2-42 SECTION 4. The commissioner of insurance shall adopt rules
2-43 as necessary to implement Subchapter I, Chapter 1501, Insurance
2-44 Code, as added by this Act, not later than December 1, 2007, with
2-45 initial enrollment in the small employer premium assistance program
2-46 established by that subchapter beginning on January 1, 2008.

2-47 SECTION 5. This Act takes effect immediately if it receives
2-48 a vote of two-thirds of all the members elected to each house, as
2-49 provided by Section 39, Article III, Texas Constitution. If this
2-50 Act does not receive the vote necessary for immediate effect, this
2-51 Act takes effect September 1, 2007.

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