

By: Shapleigh

S.B. No. 1911

A BILL TO BE ENTITLED

AN ACT

relating to universal health coverage for Texans.

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

ARTICLE 1. UNIVERSAL HEALTH COVERAGE

SECTION 1.01. The Health and Safety Code is amended by adding Title 13 to read as follows:

TITLE 13. UNIVERSAL HEALTH COVERAGE FOR TEXANS

SUBTITLE A. GOVERNANCE OF HEALTH COVERAGE PROGRAM

CHAPTER 2001. GENERAL PROVISIONS

Sec. 2001.001. DEFINITIONS. In this title:

(1) "Agency" means the Texas Health Coverage Agency.

(2) "Board" means the board of the Texas Health Coverage Agency.

(3) "Commissioner" means the commissioner of health coverage.

(4) "Finance director" means the finance director of the system.

(5) "System" means the Texas Health Coverage System.

CHAPTER 2002. GOVERNANCE OF TEXAS HEALTH COVERAGE AGENCY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2002.001. DUTIES OF AGENCY. The Texas Health Coverage Agency administers the Texas Health Coverage System under this title.

Sec. 2002.002. SUNSET PROVISION. The agency is subject to

1 Chapter 325, Government Code (Texas Sunset Act). Unless continued
2 in existence as provided by that chapter, the agency is abolished
3 September 1, 2017.

4 Sec. 2002.003. GRANTS; FEDERAL FUNDING. The agency may
5 accept gifts, grants, and donations, including grants from the
6 federal government, to administer this title and provide health
7 coverage through the system.

8 [Sections 2002.004-2002.050 reserved for expansion]

9 SUBCHAPTER B. COMMISSIONER

10 Sec. 2002.051. COMMISSIONER. (a) The commissioner of health
11 coverage is appointed by the governor with the advice and consent of
12 the senate.

13 (b) The commissioner shall be appointed without regard to
14 race, color, disability, sex, religion, age, or national origin.

15 Sec. 2002.052. TERM. The commissioner serves a two-year
16 term expiring on February 1 of each odd-numbered year.

17 Sec. 2002.053. ELIGIBILITY FOR SERVICE. (a) In this
18 section, "Texas trade association" means a cooperative and
19 voluntarily joined statewide association of business or
20 professional competitors in this state designed to assist its
21 members and its industry or profession in dealing with mutual
22 business or professional problems and in promoting their common
23 interest.

24 (b) A person is not eligible to serve as commissioner if, at
25 any time within two years before the date on which service as
26 commissioner begins:

27 (1) the person is an officer, employee, or paid

1 consultant of a business or Texas trade association in the field of
2 health care, health insurance, pharmaceuticals, or medical
3 equipment; or

4 (2) the person's spouse is an officer, manager, or paid
5 consultant of a business or Texas trade association in the field of
6 health care, health insurance, pharmaceuticals, or medical
7 equipment.

8 (c) A person may not serve as commissioner if the person is
9 required to register as a lobbyist under Chapter 305, Government
10 Code, because of the person's activities for compensation on behalf
11 of a profession related to the operation of the agency.

12 Sec. 2002.054. TRAINING. (a) A person who is appointed to
13 and qualifies for office as commissioner must complete a training
14 program that complies with this section.

15 (b) The training program must provide the person with
16 information regarding:

17 (1) this title;

18 (2) the programs, functions, rules, and budget of the
19 agency;

20 (3) the results of the most recent formal audit of the
21 agency;

22 (4) the requirements of laws relating to open
23 meetings, public information, administrative procedure, and
24 conflicts of interest; and

25 (5) any applicable ethics policies adopted by the
26 agency or the Texas Ethics Commission.

27 Sec. 2002.055. POWERS AND DUTIES OF COMMISSIONER. (a) The

1 commissioner is the executive officer of the agency and is
2 responsible for administering the agency and the system.

3 (b) The commissioner may:

4 (1) set rates for payment by and to the system,
5 including premium payments owed to the system, and establish the
6 budget for the system;

7 (2) establish system objectives, priorities, and
8 standards;

9 (3) employ agency personnel; and

10 (4) allocate system resources in accordance with this
11 title.

12 (c) The commissioner may adopt rules to administer the
13 system and implement this title in accordance with Subchapter B,
14 Chapter 2001, Government Code.

15 Sec. 2002.056. SYSTEM OFFICERS. The commissioner shall
16 appoint the following system officers:

17 (1) a regional director for each region;

18 (2) a consumer advocate for the system;

19 (3) a chief medical officer for the system;

20 (4) a health care planning director; and

21 (5) a finance director.

22 [Sections 2002.057-2002.100 reserved for expansion]

23 SUBCHAPTER C. HEALTH COVERAGE POLICY BOARD AND ADVISORY COMMITTEE

24 Sec. 2002.101. HEALTH COVERAGE POLICY BOARD. (a) The health
25 coverage policy board establishes policy for the system and advises
26 the commissioner concerning the operation of the system. The board
27 assists the commissioner to establish:

- 1 (1) system objectives, priorities, and standards;
2 (2) the scope of services provided by the system;
3 (3) guidelines for evaluating the performance of the
4 system; and
5 (4) guidelines for ensuring public input.

6 (b) The health coverage policy board is composed of nine
7 members appointed by the governor with the advice and consent of the
8 senate. The commissioner serves as the presiding officer of the
9 board.

10 (c) The appointed members of the health coverage policy
11 board serve six-year staggered terms, with three members' terms
12 expiring on February 1 of each odd-numbered year.

13 Sec. 2002.102. HEALTH COVERAGE ADVISORY COMMITTEE. (a) The
14 health coverage advisory committee advises the commissioner and the
15 health coverage policy board concerning the implementation of the
16 system.

17 (b) The health coverage advisory committee is composed of:

18 (1) four members appointed by the governor, including
19 one public member;

20 (2) four members appointed by the lieutenant governor,
21 including one public member; and

22 (3) four members appointed by the speaker of the house
23 of representatives, including one public member.

24 (c) Members of the committee, other than public members,
25 must include and represent the interests of:

26 (1) physicians, nurses, dentists, pharmacists, mental
27 health providers, hospitals, and other health care practitioners

1 and facilities;

2 (2) employers; and

3 (3) employees.

4 (d) Members of the health coverage advisory committee serve
5 two-year terms.

6 Sec. 2002.103. DISCRIMINATION PROHIBITED. The members of
7 the health coverage policy board and health coverage advisory
8 committee shall be appointed without regard to race, color,
9 disability, sex, religion, age, or national origin.

10 Sec. 2002.104. ELIGIBILITY. (a) A person may not be a public
11 member of the health coverage advisory committee if the person or
12 the person's spouse:

13 (1) is registered, certified, or licensed by a
14 regulatory agency in the field of health care, health insurance,
15 pharmaceuticals, or medical equipment;

16 (2) is employed by or participates in the management
17 of a business entity or other organization regulated by or
18 receiving money from the agency;

19 (3) owns or controls, directly or indirectly, more
20 than a 10 percent interest in a business entity or other
21 organization regulated by or receiving money from the agency; or

22 (4) uses or receives a substantial amount of tangible
23 goods, services, or money from the agency other than compensation
24 or reimbursement authorized by law for committee membership,
25 attendance, or expenses.

26 (b) A person may not be a member of the health coverage
27 policy board or health coverage advisory committee if:

1 (1) the person is an officer, employee, or paid
2 consultant of a Texas trade association in the field of health care,
3 health insurance, pharmaceuticals, or medical equipment; or

4 (2) the person's spouse is an officer, manager, or paid
5 consultant of a Texas trade association in the field of health care,
6 health insurance, pharmaceuticals, or medical equipment.

7 (c) It is a ground for removal from the health coverage
8 policy board or health coverage advisory committee that a member:

9 (1) is ineligible for membership under this
10 subchapter;

11 (2) cannot, because of illness or disability,
12 discharge the member's duties for a substantial part of the member's
13 term; or

14 (3) is absent from more than half of the regularly
15 scheduled board or committee meetings that the member is eligible
16 to attend during a calendar year without an excuse approved by a
17 majority vote of the board or committee, as applicable.

18 (d) A person may not serve as a member of the health coverage
19 policy board or health coverage advisory committee if the person is
20 required to register as a lobbyist under Chapter 305, Government
21 Code, because of the person's activities for compensation on behalf
22 of a profession related to the operation of the agency.

23 (e) If the commissioner has knowledge that a potential
24 ground for removal exists, the commissioner shall notify the
25 presiding officer of the board or committee, as applicable, of the
26 potential ground. The presiding officer shall then notify the
27 governor and the attorney general that a potential ground for

1 removal exists. If the potential ground for removal involves the
2 presiding officer, the commissioner shall notify the next highest
3 ranking officer of the board or committee, as applicable, who shall
4 then notify the governor and the attorney general that a potential
5 ground for removal exists.

6 Sec. 2002.105. TRAINING. (a) A person who is appointed to
7 and qualifies for office as a member of the health coverage policy
8 board or health coverage advisory committee may not vote,
9 deliberate, or be counted as a member in attendance at a meeting of
10 the board or committee until the person completes a training
11 program that complies with this section.

12 (b) The training program must provide the person with
13 information regarding:

14 (1) this title;

15 (2) the programs, functions, rules, and budget of the
16 agency;

17 (3) the results of the most recent formal audit of the
18 agency;

19 (4) the requirements of laws relating to open
20 meetings, public information, administrative procedure, and
21 conflicts of interest; and

22 (5) any applicable ethics policies adopted by the
23 agency or the Texas Ethics Commission.

24 (c) A person appointed to the health coverage policy board
25 or health coverage advisory committee is entitled to reimbursement,
26 as provided by the General Appropriations Act, for the travel
27 expenses incurred in attending the training program regardless of

1 whether the attendance at the program occurs before or after the
2 person qualifies for office.

3 Sec. 2002.106. COMPENSATION; REIMBURSEMENT. A person
4 appointed to the health coverage policy board or health coverage
5 advisory committee is not entitled to compensation for service on
6 the board or committee but is entitled to reimbursement, as
7 provided by the General Appropriations Act, for the expenses
8 incurred in attending board or committee meetings or performing
9 other official functions of the board or committee.

10 Sec. 2002.107. APPLICABILITY OF OTHER LAW. Chapter 2110,
11 Government Code, does not apply to the health coverage advisory
12 committee.

13 [Sections 2002.108-2002.150 reserved for expansion]

14 SUBCHAPTER D. OFFICE OF PATIENT ADVOCACY

15 Sec. 2002.151. OFFICE ESTABLISHED. The office of patient
16 advocacy is within the agency and is operated under the direction of
17 the consumer advocate.

18 Sec. 2002.152. DUTIES OF OFFICE. The office:

19 (1) represents the interests of the public and
20 consumers of health care;

21 (2) assists patients to obtain health care services
22 and benefits through the system;

23 (3) acts as an advocate for patients receiving
24 services and benefits through the system; and

25 (4) responds to complaints made to the agency.

26 [Sections 2002.153-2002.200 reserved for expansion]

1 SUBCHAPTER E. INSPECTOR GENERAL FOR HEALTH COVERAGE

2 Sec. 2002.201. INSPECTOR GENERAL APPOINTED. The inspector
3 general for health coverage is appointed by the governor with the
4 advice and consent of the senate.

5 Sec. 2002.202. DUTIES OF INSPECTOR GENERAL. (a) The
6 inspector general for health coverage shall investigate
7 allegations of fraud, mismanagement, or other illegal or improper
8 activity in the system.

9 (b) The inspector general may refer any matter to the
10 attorney general, an appropriate prosecuting attorney, or a
11 regulatory agency of this state for criminal prosecution or
12 disciplinary action in accordance with law.

13 [Sections 2002.203-2002.250 reserved for expansion]

14 SUBCHAPTER F. OFFICE OF HEALTH CARE PLANNING

15 Sec. 2002.251. OFFICE. The office of health care planning
16 is within the agency and operates under the direction of the health
17 planning director.

18 Sec. 2002.252. DUTIES OF OFFICE. (a) The office of health
19 care planning shall assist the commissioner to plan for the
20 short-term and long-term health care needs of eligible residents of
21 this state in accordance with this title and the policies
22 established by the commissioner.

23 (b) The office of health care planning shall evaluate the
24 health care workforce and facility needs of this state, identify
25 medically underserved areas of this state, and develop plans to
26 provide services within those areas.

27 (c) The office of health care planning shall assist the

1 commissioner in developing performance criteria applicable to
2 health care goals.

3 [Sections 2002.253-2002.300 reserved for expansion]

4 SUBCHAPTER G. HEALTH CARE PLANNING REGIONS

5 Sec. 2002.301. HEALTH CARE PLANNING REGIONS ESTABLISHED.

6 (a) The commissioner shall establish geographically contiguous
7 health care planning regions for the state on the basis of:

8 (1) patterns of usage of health care services;

9 (2) health care resources, including health care
10 workforce resources; and

11 (3) health care needs, including public health needs.

12 (b) To the extent consistent with Subsection (a), the
13 commissioner may designate, as the health care planning regions,
14 the public health regions established by the Department of State
15 Health Services under Chapter 121.

16 Sec. 2002.302. REGIONAL DIRECTOR. The commissioner shall
17 appoint a regional director for each health care planning region.
18 The regional director administers the health care planning region
19 and establishes health policy for the region.

20 Sec. 2002.303. REGIONAL MEDICAL OFFICER. The commissioner
21 shall appoint a regional medical officer for each health care
22 planning region. The regional medical officer, in consultation with
23 the commissioner and the officers of the system, administers the
24 regional health care system and evaluates the quality of care in the
25 region.

26 Sec. 2002.304. REGIONAL PLANNING BOARD. The commissioner
27 shall appoint a regional planning board for each health care

1 planning region. The regional planning board shall advise the
2 regional director concerning health policy for the region.

3 [Sections 2002.305-2002.350 reserved for expansion]

4 SUBCHAPTER H. OFFICE OF TRANSITION ASSISTANCE

5 Sec. 2002.351. TRANSITION ASSISTANCE. The office of
6 transition assistance is within the agency and operates under the
7 direction of the commissioner.

8 Sec. 2002.352. DUTIES OF OFFICE. The office of transition
9 assistance shall provide assistance to individuals who lose
10 employment, directly or indirectly, as a result of the
11 implementation of the system. Assistance under this subchapter may
12 include job training and job placement.

13 Sec. 2002.353. EXPIRATION. This subchapter expires
14 December 31, 2012.

15 CHAPTER 2003. FISCAL MANAGEMENT

16 SUBCHAPTER A. HEALTH COVERAGE FUND

17 Sec. 2003.001. FUND. The health coverage fund is a fund in
18 the state treasury. The fund is composed of:

19 (1) revenue deposited to the fund under Section
20 171.4012, Tax Code;

21 (2) federal funds allocated to the fund; and

22 (3) other money allocated to the fund under law.

23 Sec. 2003.002. ADMINISTRATION OF FUND. (a) The finance
24 director administers the fund under the supervision and direction
25 of the commissioner.

26 (b) The finance director may employ actuaries, accountants,
27 and other experts as necessary to perform the finance director's

1 duties under law.

2 Sec. 2003.003. USE OF FUND. (a) Money in the fund may be
3 used in accordance with the General Appropriations Act to pay
4 claims for health care services provided through the system and the
5 administrative costs of the system.

6 (b) Not more than five percent of the money in the fund may
7 be used for administrative costs of the system.

8 (c) Notwithstanding Subsection (b), not more than 10
9 percent of the money in the fund may be used for administrative
10 costs of the system. This subsection expires August 31, 2020.

11 Sec. 2003.004. LEGISLATIVE APPROPRIATION REQUEST. (a) Not
12 later than November 1 of each even-numbered year, the commissioner,
13 in consultation with the finance director, shall submit to the
14 Legislative Budget Board:

15 (1) an estimate of projected system revenues under
16 this title and Section 171.4012, Tax Code;

17 (2) an estimate of projected system liabilities for
18 the succeeding fiscal biennium; and

19 (3) a legislative appropriation request for the
20 succeeding fiscal biennium.

21 (b) The legislative appropriation request shall specify
22 amounts to be allocated to the health care planning regions for
23 health care services in those regions.

24 (c) The legislative appropriation request must include
25 amounts necessary to provide transition assistance to individuals
26 who lose employment, directly or indirectly, as a result of the
27 implementation of the system. This subsection expires December 31,

1 2012.

2 Sec. 2003.005. RESERVES FOR FUTURE SYSTEM LIABILITY. The
3 comptroller, at the direction of the finance director, shall
4 establish one or more separate accounts for system reserves against
5 future liability.

6 Sec. 2003.006. DUTY TO MONITOR SYSTEM SOLVENCY; NOTICE TO
7 LEGISLATURE; COST CONTAINMENT. (a) The finance director shall
8 monitor the solvency of the system. If the finance director
9 determines that system liabilities may exceed system revenue in any
10 year, the finance director shall notify the commissioner, the
11 health coverage policy board, the governor, the lieutenant
12 governor, and the speaker of the house of representatives.

13 (b) After notice under Subsection (a), the commissioner, in
14 consultation with the finance director and with the approval of the
15 health coverage policy board, may implement cost containment
16 measures and may require each regional planning board to impose
17 cost containment measures within the region subject to the board's
18 jurisdiction.

19 [Sections 2003.007-2003.050 reserved for expansion]

20 SUBCHAPTER B. FEDERAL FUNDING

21 Sec. 2003.051. APPLICATION FOR FEDERAL FUNDING. The
22 commissioner, through applications for appropriate waivers from
23 the Centers for Medicare and Medicaid Services or another
24 appropriate funding source, shall seek federal funding for the
25 operation of the system.

26 [Sections 2003.052-2003.100 reserved for expansion]

1 SUBCHAPTER C. CLAIMS PAYMENT

2 Sec. 2003.101. RATES AND TERMS OF PAYMENT. The finance
3 director, with the approval of the commissioner, shall establish
4 the rate and terms applicable to payment of claims for health care
5 services provided to eligible residents under the system.

6 Sec. 2003.102. CLAIMS PAYMENT PROCEDURES. (a) The finance
7 director shall implement procedures for electronic submission and
8 payment of claims for health care services provided to eligible
9 residents through the system.

10 (b) The claims payment procedures may include an
11 alternative claims submission and payment method.

12 [Chapters 2004-2100 reserved for expansion]

13 SUBTITLE B. TEXAS HEALTH COVERAGE SYSTEM

14 CHAPTER 2101. ELIGIBILITY

15 SUBCHAPTER A. GENERAL ELIGIBILITY REQUIREMENTS

16 Sec. 2101.001. RESIDENTS AND CERTAIN EMPLOYEES ELIGIBLE.
17 Except as otherwise provided by this chapter, each resident of this
18 state is eligible for health coverage provided through the system.

19 Sec. 2101.002. UNAUTHORIZED ALIEN INELIGIBLE. (a) A person
20 who is not lawfully admitted for residence in the United States is
21 not eligible for health coverage provided through the system.

22 (b) To the extent required by federal law, the system shall
23 provide emergency services to a person otherwise ineligible for
24 health coverage through the system under this section.

25 Sec. 2101.003. MILITARY PERSONNEL. United States military
26 personnel are not eligible for health coverage provided through the
27 system.

1 Sec. 2101.004. CERTAIN INMATES. A person covered by a
2 managed health care plan for persons confined under the
3 jurisdiction of the Texas Department of Criminal Justice is not
4 eligible for health coverage provided through the system.

5 Sec. 2101.005. WORKERS' COMPENSATION. Coverage is not
6 provided through the system for services covered under a program of
7 workers' compensation insurance.

8 [Sections 2101.006-2101.050 reserved for expansion]

9 SUBCHAPTER B. ELIGIBILITY DETERMINATIONS

10 Sec. 2101.051. VERIFICATION OF ELIGIBILITY. The
11 commissioner by rule shall adopt procedures for verifying residence
12 as necessary to establish eligibility for health coverage provided
13 through the system.

14 Sec. 2101.052. RESIDENCE OF MINOR. For purposes of this
15 chapter, an unmarried, unemancipated minor has the same residency
16 status as the minor's parent or managing conservator.

17 Sec. 2101.053. EVIDENCE OF COVERAGE. The system may issue
18 an identification card or other evidence of coverage to be used by
19 an eligible resident to show proof that the resident is eligible for
20 health coverage provided through the system.

21 Sec. 2101.054. PRESUMPTION APPLICABLE TO CERTAIN
22 INDIVIDUALS. A health care facility is entitled to presume that a
23 person who arrives at the facility and who is unable to provide
24 proof of eligibility because the person is unconscious, is in need
25 of emergency services, or is in need of acute psychiatric care is an
26 eligible resident.

27 [Sections 2101.055-2101.100 reserved for expansion]

1 SUBCHAPTER C. SERVICES PROVIDED TO NONRESIDENTS

2 Sec. 2101.101. PAYMENT OF CLAIMS AUTHORIZED. The system
3 may, in accordance with rules adopted by the commissioner, pay a
4 claim for health care services provided to a nonresident who is
5 temporarily in this state. The nonresident remains liable for the
6 cost of all services provided to the nonresident through the
7 system.

8 CHAPTER 2102. HEALTH CARE SERVICES

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 2102.001. COVERAGE FOR HEALTH CARE SERVICES. The
11 system must provide coverage for medically necessary health care
12 services for an eligible resident at at least the level at which
13 those services were provided under the state acute care Medicaid
14 program, as that program existed on January 1, 2007.

15 Sec. 2102.002. LONG-TERM CARE. Notwithstanding Section
16 2102.001, the system may not provide coverage for long-term care
17 services.

18 [Sections 2102.003-2102.050 reserved for expansion]

19 SUBCHAPTER B. OUT-OF-STATE BENEFITS

20 Sec. 2102.051. TEMPORARY BENEFITS. The system must provide
21 health coverage for medically necessary health care services
22 provided to an eligible resident who is out of this state for a
23 temporary period not to exceed 90 days.

24 Sec. 2102.052. ELIGIBILITY. The commissioner by rule shall
25 establish procedures for verifying eligibility for health coverage
26 provided through the system under this subchapter.

27 Sec. 2102.053. EMERGENCY SERVICES. The system shall pay a

1 claim for emergency services under this subchapter at the usual and
2 customary rate for those services at the place at which the services
3 are provided.

4 Sec. 2102.054. CLAIMS FOR SERVICES OTHER THAN EMERGENCY
5 SERVICES. The system shall pay a claim for services not under this
6 subchapter, other than emergency services, at a rate established by
7 the commissioner.

8 CHAPTER 2103. COST SHARING

9 Sec. 2103.001. COPAYMENTS REQUIRED. The finance director,
10 with the approval of the commissioner, shall establish copayment
11 amounts to be paid at the point of service by an eligible resident
12 receiving health care services for which coverage is provided
13 through the system.

14 Sec. 2103.002. DEDUCTIBLE AMOUNTS. The finance director,
15 with the approval of the commissioner, shall establish deductible
16 amounts that an eligible resident receiving health care services is
17 responsible to pay before coverage is provided through the system.

18 Sec. 2103.003. LIMITS ON COPAYMENTS AND DEDUCTIBLES. The
19 total amount payable for services provided through the system with
20 respect to an eligible resident, including copayment and deductible
21 amounts paid under this chapter, may not exceed five percent of the
22 eligible resident's family income, as determined under rules of the
23 commissioner.

24 CHAPTER 2104. HEALTH CARE PROVIDERS

25 Sec. 2104.001. ANY WILLING PROVIDER. (a) An eligible
26 resident may select any physician, health care practitioner, or
27 health care facility to provide medically necessary services within

1 the scope of the license or other authorization of the physician,
2 practitioner, or facility if the physician, practitioner, or
3 facility agrees to accept payment for claims from the system
4 subject to the terms imposed in accordance with this title.

5 (b) A physician, health care practitioner, or health care
6 facility is subject to credentialing under the system in the same
7 manner as the physician, practitioner, or facility is subject to
8 the credentialing requirements applicable under the state Medicaid
9 program as that program existed on January 1, 2007.

10 Sec. 2104.002. PRIMARY CARE PROVIDER; REQUIRED REFERRAL.
11 The commissioner by rule shall establish requirements under which
12 an eligible resident must designate a primary care provider and
13 must obtain a referral from that provider to obtain coverage for
14 specialty care services. The system shall use the same methodology
15 for primary care case management and referral as applicable under
16 the state Medicaid program as that program existed on January 1,
17 2007.

18 ARTICLE 2. FUNDING; FRANCHISE TAX

19 SECTION 2.01. Sections 171.002(a) and (b), Tax Code, as
20 effective January 1, 2008, are amended to read as follows:

21 (a) Except [~~Subject to Section 171.003 and except~~] as
22 provided by Subsection (b), the rate of the franchise tax is 1.5
23 [~~one~~] percent per year of privilege period of taxable margin.

24 (b) The rate of the franchise tax is one [~~0.5~~] percent per
25 year of privilege period of taxable margin for those taxable
26 entities primarily engaged in retail or wholesale trade.

27 SECTION 2.02. Section 171.4011(a), Tax Code, as effective

1 September 1, 2007, is amended to read as follows:

2 (a) Notwithstanding Section 171.401, beginning with the
3 state fiscal year that begins September 1, 2007, the comptroller
4 shall, for each state fiscal year, deposit to the credit of the
5 property tax relief fund under Section 403.109, Government Code, an
6 amount of revenue calculated by:

7 (1) determining the revenue derived from the tax
8 imposed by this chapter as it applied during that applicable state
9 fiscal year at the rates of:

10 (A) one percent for taxable entities that are not
11 primarily engaged in retail or wholesale trade; and

12 (B) 0.5 percent for taxable entities that are
13 primarily engaged in retail or wholesale trade; and

14 (2) subtracting the revenue the comptroller estimates
15 that the tax imposed by this chapter, as it existed on August 31,
16 2007, would have generated if it had been in effect for that
17 applicable state fiscal year.

18 SECTION 2.03. Subchapter I, Chapter 171, Tax Code, is
19 amended by adding Section 171.4012 to read as follows:

20 Sec. 171.4012. ALLOCATION OF CERTAIN REVENUE TO THE HEALTH
21 COVERAGE FUND. (a) Notwithstanding Sections 171.401 and 171.4011,
22 beginning with the state fiscal year that begins September 1, 2007,
23 the comptroller shall, for each state fiscal year, deposit to the
24 credit of the health coverage fund under Section 2003.001, Health
25 and Safety Code, an amount of revenue calculated by:

26 (1) determining the revenue derived from the tax
27 imposed by this chapter as it applied during that applicable state

1 fiscal year; and

2 (2) subtracting the revenue the comptroller is
3 required to allocate to the property tax relief fund and general
4 revenue fund under Sections 171.401 and 171.4011.

5 (b) If the amount under Subsection (a) is less than zero,
6 the comptroller shall consider the amount to be zero.

7 SECTION 2.04. Section 171.003, Tax Code, as effective
8 January 1, 2008, is repealed.

9 SECTION 2.05. This article applies only to a report
10 originally due on or after the effective date of this article.

11 SECTION 2.06. This article takes effect January 1, 2008.

12 ARTICLE 3. CONFORMING AMENDMENTS

13 SECTION 3.01. Subchapter A, Chapter 531, Government Code,
14 is amended by adding Section 531.0001 to read as follows:

15 Sec. 531.0001. COORDINATION WITH TEXAS HEALTH COVERAGE
16 SYSTEM. (a) Notwithstanding any provision of this chapter or any
17 other law of this state, on and after January 1, 2010, the Texas
18 Health Coverage System is responsible for administering the system
19 for providing health coverage and health care services in this
20 state.

21 (b) The Health and Human Services Commission and each health
22 and human services agency remain responsible for safety and
23 licensing functions within the jurisdiction of the commission or
24 the agency before January 1, 2010, but, except as provided by
25 Subsection (c), functions of the commission or agency relating to
26 the provision of health coverage or health care services are
27 transferred to the Texas Health Coverage Agency in accordance with

1 Title 13, Health and Safety Code.

2 (c) The Health and Human Services Commission and each health
3 and human services agency remain responsible for long-term care
4 services provided under the state Medicaid program.

5 SECTION 3.02. Chapter 30, Insurance Code, is amended by
6 adding Section 30.005 to read as follows:

7 Sec. 30.005. COORDINATION WITH TEXAS HEALTH COVERAGE
8 SYSTEM. Notwithstanding any provision of this code or any other law
9 of this state, on and after January 1, 2010, an insurer, health
10 maintenance organization, or other entity may not offer a health
11 benefits plan in this state to the extent that plan duplicates
12 coverage provided under the Texas Health Coverage System.

13 ARTICLE 4. TRANSITION PLAN

14 SECTION 4.01. Not later than October 1, 2007, the governor
15 shall appoint the commissioner of health coverage in accordance
16 with Chapter 2002, Health and Safety Code, as added by this Act.

17 SECTION 4.02. (a) Not later than January 1, 2008, the
18 commissioner of health coverage shall appoint a transition advisory
19 group. The transition advisory group must include representatives
20 of the public, the health care industry, and issuers of health
21 benefit plans and other experts identified by the commissioner.

22 (b) In consultation with the transition advisory group, the
23 commissioner of health coverage shall develop a plan for the
24 orderly implementation of Title 13, Health and Safety Code, as
25 added by this Act. The plan must include provisions to assist
26 individuals who lose employment, directly or indirectly, as a
27 result of the implementation of the system.

1 SECTION 4.03. The Texas Health Coverage System shall become
2 effective to provide coverage in accordance with Title 13, Health
3 and Safety Code, as added by this Act, not later than January 1,
4 2010.

5 SECTION 4.04. (a) In this section, "affected state agency"
6 means:

- 7 (1) the Health and Human Services Commission;
- 8 (2) the Texas Department of Insurance;
- 9 (3) the Department of State Health Services;
- 10 (4) the Department of Assistive and Rehabilitative
11 Services;
- 12 (5) the Department of Aging and Disability Services;
- 13 (6) the Department of Family and Protective Services;
- 14 (7) the Employees Retirement System of Texas;
- 15 (8) the Teacher Retirement System of Texas;
- 16 (9) The Texas A&M University System; and
- 17 (10) The University of Texas System.

18 (b) Effective January 1, 2010, or on an earlier date
19 specified by the commissioner of health coverage:

20 (1) the property and records of each affected state
21 agency related to the administration of health coverage, health
22 benefits, or health care services within the jurisdiction of the
23 Texas Health Coverage Agency are transferred to the Texas Health
24 Coverage Agency to assist that agency to begin administering Title
25 13, Health and Safety Code, as added by this Act, as efficiently as
26 practicable;

27 (2) all powers, duties, functions, activities,

1 obligations, rights, contracts, records, property, and
2 appropriations or other money of the affected state agency related
3 to the administration of health coverage, health benefits, or
4 health care services within the jurisdiction of the Texas Health
5 Coverage Agency are transferred to the Texas Health Coverage
6 Agency;

7 (3) a rule or form adopted by each affected state
8 agency related to the administration of health coverage, health
9 benefits, or health care services within the jurisdiction of the
10 Texas Health Coverage Agency is a rule or form of the Texas Health
11 Coverage Agency and remains in effect until altered by that agency;
12 and

13 (4) a reference in law or an administrative rule to an
14 affected state agency that relates to the administration of health
15 coverage, health benefits, or health care services within the
16 jurisdiction of the Texas Health Coverage Agency means the Texas
17 Health Coverage Agency.

18 (c) An employee of an affected state agency employed on the
19 effective date of this Act who performs a function that relates to
20 the administration of health coverage, health benefits, or health
21 care services within the jurisdiction of the Texas Health Coverage
22 Agency does not automatically become an employee of the Texas
23 Health Coverage Agency. To become an employee of the Texas Health
24 Coverage Agency, a person must apply for a position at the Texas
25 Health Coverage Agency. In establishing the Texas Health Coverage
26 Agency in accordance with the transition plan developed under
27 Section 4.02 of this Act, the Texas Health Coverage Agency shall

1 give preference in employment to employees described by this
2 subsection who have the necessary qualifications for employment
3 with the Texas Health Coverage Agency.

4 (d) Until the date of the transfer specified by Subsection
5 (b) of this section, and subject to the transition plan developed
6 under Section 4.02 of this Act, each affected state agency shall
7 continue to exercise the powers and perform the duties assigned to
8 the state agency under the law as it existed immediately before the
9 effective date of this Act or as modified by another Act of the 80th
10 Legislature, Regular Session, 2007, that becomes law, and the
11 former law is continued in effect for that purpose.

12 ARTICLE 5. EFFECTIVE DATE

13 SECTION 5.01. This Act takes effect immediately if it
14 receives a vote of two-thirds of all the members elected to each
15 house, as provided by Section 39, Article III, Texas Constitution.
16 If this Act does not receive the vote necessary for immediate
17 effect, this Act takes effect September 1, 2007.