

BILL ANALYSIS

Senate Research Center
81R6635 TJS-F

S.B. 1403
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State Affairs
3/27/2009
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texans who do not have employer-sponsored insurance and cannot obtain insurance through a private health insurance provider can obtain insurance through the Texas Health Insurance Risk Pool (pool). The pool also provides insurance for individuals entitled under federal law to guaranteed access to individual health insurance.

Pool members complain about the negative connotation of the word "risk" in the formal name of the pool. Therefore, S.B. 1403 removes the word from the name. Of the 35 state pools, only six in addition to Texas use "risk" in their names.

Chapter 1506 requires a non-federally eligible applicant (one who does not qualify under federal Health Insurance Portability and Accountability Act (HIPAA) provisions) to either be a United States citizen or a permanent resident of the United States for at least three years, but does not address citizenship or residency of such individual's dependents or family members. This clarification will conform the statute to current pool administrative practice, by requiring dependents and family members of the primary applicant to meet the same residency standard. The U.S. requirement does not apply to HIPAA-eligible individuals, as required by the Centers for Medicare and Medicaid Services.

H.B. 2548, 80th Legislature, Regular Session, 2007, revised Chapter 1506 to allow enrollment of individuals who are part-time employees with access to a low-benefit employer-based health plan, for which the employees pay 100 percent of the premiums. S.B. 1403 clarifies the statute to apply the same exception to the part-time employee's dependents.

H.B. 2548 also revised Chapter 1506 to allow individuals eligible for COBRA to enroll in the pool during their 18-month COBRA extension period if they did not timely elect COBRA coverage or let it lapse. S.B. 1408 revises Chapter 1506 to apply this exception to the comparable federal and public sector COBRA-like programs. S.B. 1403 clarifies that a person enrolling under the COBRA exception is subject to a minimum six-month pre-existing condition exclusion period.

As proposed, S.B. 1403 clarifies various provisions of Chapter 1506 (Texas Health Insurance Risk Pool), Insurance Code.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Chapter 1506, Insurance Code, to read as follows:

CHAPTER 1506. TEXAS HEALTH INSURANCE POOL

SECTION 2. Amends Section 1506.001(7), Insurance Code, to redefine "pool."

SECTION 3. Amends Subchapter A, Chapter 1506, Insurance Code, by adding Section 1506.010, as follows:

Sec. 1506.010. REDESIGNATION. Provides that effective September 1, 2009, the Texas Health Insurance Risk Pool is redesignated the Texas Health Insurance Pool. Provides that a reference in any law to the Texas Health Insurance Risk Pool means the Texas Health Insurance Pool.

SECTION 4. Amends Section 1506.152, Insurance Code, by amending Subsections (b) and (c) and adding Subsection (f), as follows:

(b) Provides that subject to Subsection (f), each dependent of an individual who is eligible for coverage from the pool is also eligible for coverage from the pool. Makes a nonsubstantive change.

(c) Provides that subject to Subsection (f), if an individual who obtains coverage from the pool under Subsection (a) is a child, each parent, grandparent, brother, sister, or child of that individual who resides with that individual is also eligible for coverage from the pool. Makes a nonsubstantive change.

(f) Prohibits a dependent or individual described by Subsection (c) who is not a federally defined eligible individual and who has not experienced a significant break in coverage from obtaining coverage from the pool before the first date on which the dependent or individual has been a legally domiciled resident of this state for at least the 30 days preceding the date of the application for coverage from the pool; and a citizen or permanent resident of the United States for at least three continuous years.

SECTION 5. Reenacts and amends Section 1506.153, Insurance Code, as amended by Chapters 808 (S.B. 1254), 881 (H.B. 1977), and 1070 (H.B. 2548), Acts of the 80th Legislature, Regular Session, 2007, as follows:

Sec. 1506.153. INELIGIBILITY FOR COVERAGE. (a) Provides that, notwithstanding Section 1506.152, rather than Section 1506.152(a)-(c), an individual is not eligible for coverage from the pool for certain reasons to include if the individual is eligible for health benefit plan coverage provided in connection with a policy, plan, or program paid for or sponsored by an employer, even though the employer coverage is declined. Provides that this subdivision does not apply to an individual who is a part-time employee's dependent eligible to participate in an employer plan that provides certain health benefit coverage.

(b) Provides that an individual eligible for benefits from the continuation of coverage under Title X, Consolidated Omnibus Budget Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.) (COBRA) or a comparable federal or state employee coverage continuation program, who did not elect continuation of coverage during the election period, or whose elected continuation of coverage lapsed or was cancelled without reinstatement, is eligible for pool coverage. Provides that eligibility under this subsection is subject to a minimum 180-day exclusion, rather than a 180-day exclusion, of coverage under Section 1506.155 (a-1).

SECTION 6. Amends Section 1506.155, Insurance Code, by amending Subsection (a-1) and adding Subsection (c-1), as follows:

(a-1) Provides that except as provided by Section 1506.056 (Adjustments), pool coverage for an individual eligible pursuant to Section 1506.153(b) excludes charges or expenses incurred before the first anniversary of the effective date of coverage, rather than the expiration of 180 days from the effective date of coverage, with regard to any condition for which certain symptoms exist; or medical advice, care, or treatment was recommended or received during the six-month period preceding the effective date of coverage.

(c-1) Requires that the pool, if an individual eligible under Section 1506.153(b) was covered by creditable coverage at any time during the 12-month period immediately

preceding the effective date of the individual's coverage under the pool, subtract from the exclusion period required under Subsection (a-1) certain time periods.

SECTION 7. Amends Section 1506.2523(b), Insurance Code, to provide that, for the purposes of this section, gross health benefit plan premiums do not include premiums collected for coverage or insurance listed in Sections, 1506.002 (b), (c), or (d), rather than Section 1506.002(b).

SECTION 8. Makes application of this Act prospective to January 1, 2010.

SECTION 9. Effective date: September 1, 2009.