

By: King of Taylor

H.B. No. 663

A BILL TO BE ENTITLED

AN ACT

1
2 relating to participation by single-employee businesses in private
3 purchasing cooperatives or health group cooperatives.

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

5 SECTION 1. Section 1501.051, Insurance Code, is amended by
6 adding Subdivision (3-b) to read as follows:

7 (3-b) "Eligible single-employee business" means a
8 chamber of commerce or business association that:

9 (A) employs an average of fewer than two
10 employees on business days during the preceding calendar year; and

11 (B) is eligible to participate in a cooperative
12 under this subchapter in accordance with Section 1501.066.

13 SECTION 2. Section 1501.0581, Insurance Code, is amended by
14 amending Subsections (a), (b), and (p) and adding Subsection (o-1)
15 to read as follows:

16 (a) The membership of a health group cooperative may consist
17 of only small employers, only large employers, or only eligible
18 single-employee businesses, but may not consist of a combination of
19 those types of entities [~~or both small and large employers~~]. To
20 participate as a member of a health group cooperative, an employer
21 must be a small or large employer as described by this chapter or an
22 eligible single-employee business as described by Section
23 1501.051(3-b).

24 (b) Subject to the requirements imposed on small employer

1 health benefit plan issuers under Section 1501.101 and subject to
2 Subsections (a-1) and (o), a health group cooperative:

3 (1) shall allow a small employer to join a health group
4 cooperative consisting of only small employers or both small and
5 large employers and enroll in health benefit plan coverage; ~~and~~

6 (2) may allow an eligible single-employee business to
7 join a health group cooperative consisting of only eligible
8 single-employee businesses and enroll in health benefit plan
9 coverage; and

10 (3) may allow a large employer to join the health group
11 cooperative and enroll in health benefit plan coverage.

12 (o-1) A health group cooperative consisting only of
13 eligible single-employee businesses may elect to restrict
14 membership in the cooperative so that the total number of eligible
15 employees employed on business days during the preceding calendar
16 year by all eligible single-employee businesses participating in
17 the cooperative does not exceed 50.

18 (p) A health group cooperative must make the election
19 described by Subsection (o) or (o-1) at the time the cooperative is
20 initially formed. Evidence of the election must be filed in writing
21 with the commissioner in the form and at the time prescribed by the
22 commissioner by rule.

23 SECTION 3. Sections 1501.063(b-1) and (b-2), Insurance
24 Code, are amended to read as follows:

25 (b-1) Subject to Section 1501.066, a [A] health group
26 cooperative that is composed only of small employers or only of
27 eligible single-employee businesses and that has made the election

1 described by Section 1501.0581(o)(1) or (o-1), as applicable, in
2 accordance with Subsection (p) of that section shall be treated in
3 the same manner as a small employer for the purposes of this
4 chapter, including for the purposes of any provision relating to
5 premium rates and issuance and renewal of coverage.

6 (b-2) A health group cooperative that is composed only of
7 small employers or only of eligible single-employee businesses and
8 that has not made the election described by Section 1501.0581(o)(1)
9 or (o-1), as applicable, in accordance with Subsection (p) of that
10 section, or a health group cooperative that is composed of both
11 small and large employers, may be treated in the same manner as a
12 large employer for the purposes of this chapter, including for the
13 purposes of any provision relating to premium rates and issuance
14 and renewal of coverage.

15 SECTION 4. Subchapter B, Chapter 1501, Insurance Code, is
16 amended by adding Sections 1501.066 and 1501.067 to read as
17 follows:

18 Sec. 1501.066. ELIGIBLE SINGLE-EMPLOYEE BUSINESS. (a) The
19 commissioner by rule shall adopt rules governing the eligibility of
20 a single-employee business to participate in a health group
21 cooperative under this subchapter. The rules must include
22 provisions to ensure that each eligible single-employee business
23 has a business purpose and was not formed solely to obtain health
24 benefit plan coverage under this subchapter.

25 (b) The commissioner may specify additional requirements
26 for a health group cooperative composed solely of eligible
27 single-employee businesses to qualify for coverage as a small

1 employer under this chapter or, if the commissioner finds that
2 treatment of such a cooperative as a small employer is not
3 actuarially justified, may require that a health group cooperative
4 composed solely of eligible single-employee businesses be treated
5 as a large employer under this chapter.

6 Sec. 1501.067. COOPERATIVES FOR SMALL EMPLOYERS, LARGE
7 EMPLOYERS, AND SINGLE-EMPLOYEE BUSINESSES. The department may
8 develop a program to assist small employers, large employers, and
9 single-employee businesses to form or participate in private
10 purchasing cooperatives and health group cooperatives in
11 accordance with this subchapter.

12 SECTION 5. The commissioner of insurance shall adopt any
13 rules necessary to implement the change in law made by this Act not
14 later than December 1, 2009. A person may not form a health group
15 cooperative composed solely of eligible single-employee businesses
16 under Subchapter B, Chapter 1501, Insurance Code, as amended by
17 this Act, before January 1, 2010.

18 SECTION 6. This Act takes effect September 1, 2009.