

By: Nelson

S.B. No. 77

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 business entity that:

9 (A) is owned and operated by a sole proprietor;

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

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

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

17 (a) The membership of a health group cooperative may consist  
18 of only small employers, only large employers, or only eligible  
19 single-employee businesses, but may not consist of a combination of  
20 those types of entities [~~or both small and large employers~~]. To  
21 participate as a member of a health group cooperative, an employer  
22 must be a small or large employer as described by this chapter or an  
23 eligible single-employee business as described by Section  
24 1501.051(3-b).

1 (b) Subject to the requirements imposed on small employer  
2 health benefit plan issuers under Section 1501.101 and subject to  
3 Subsections (a-1) and (o), a health group cooperative:

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

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

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

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

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

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

26 (b-1) Subject to Section 1501.066, a [A] health group  
27 cooperative that is composed only of small employers or only of

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

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

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

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

26 (b) The commissioner may specify additional requirements  
27 for a health group cooperative composed solely of eligible

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

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

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

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