

A BILL TO BE ENTITLED

AN ACT

relating to small and large employer health group cooperatives.

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

SECTION 1. Section 1501.051, Insurance Code, is amended by redesignating existing Subdivision (3-a) as Subdivision (3-b) and adding a new Subdivision (3-a) to read as follows:

(3-a) "Eligible single-employee business" means a business entity that:

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

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

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

(3-b) "Expanded service area" means any area larger than one county in which a health group cooperative offers coverage.

SECTION 2. Subsection (a), Section 1501.058, Insurance Code, is amended to read as follows:

(a) A cooperative shall:

(1) arrange for small or large employer health benefit plan coverage for small employer groups, [or] large employer groups, and, subject to Sections 1501.0581(q)-(s), eligible single-employee businesses that participate in the cooperative by contracting with small or large employer health benefit plan

1 issuers that meet the requirements established by Section 1501.061;

2 (2) collect premiums to cover the cost of:

3 (A) small or large employer health benefit plan
4 coverage purchased through the cooperative; and

5 (B) the cooperative's administrative expenses;

6 (3) establish administrative and accounting
7 procedures for the operation of the cooperative;

8 (4) establish procedures under which an applicant for
9 or participant in coverage issued through the cooperative may have
10 a grievance reviewed by an impartial person;

11 (5) contract with small or large employer health
12 benefit plan issuers to provide services to small or large
13 employers covered through the cooperative; and

14 (6) develop and implement a plan to maintain public
15 awareness of the cooperative and publicize the eligibility
16 requirements for, and the procedures for enrollment in, coverage
17 through the cooperative.

18 SECTION 3. Section 1501.0581, Insurance Code, is amended by
19 amending Subsections (a), (b), and (k) and adding Subsections (q)
20 through (x) to read as follows:

21 (a) The membership of a health group cooperative may consist
22 of only small employers; only large employers; ~~or~~ both small
23 and large employers; small employers and eligible single-employee
24 businesses; large employers and eligible single-employee
25 businesses; or small employers, large employers, and eligible
26 single-employee businesses. To participate as a member of a health
27 group cooperative, an employer must be a small or large employer as

1 described by this chapter or an eligible single-employee business
2 as defined by Section 1501.051(3-a).

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

6 (1) shall allow a small employer to join a health group
7 cooperative, except a health group cooperative consisting of only
8 ~~[small employers or both small and]~~ large employers, and to enroll
9 in health benefit plan coverage; ~~[and]~~

10 (2) subject to the requirements of Subsection (t), may
11 allow eligible single-employee businesses to join a health group
12 cooperative and enroll in health benefit plan coverage; and

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

15 (k) A health group cooperative may offer more than one
16 health benefit plan, but each plan offered must be made available to
17 all employers participating in ~~[employees covered by]~~ the
18 cooperative.

19 (q) Except as provided by Subsection (t), a health group
20 cooperative may file an election with the commissioner, on a form
21 and in the manner prescribed by the commissioner, to permit
22 eligible single-employee businesses to join the cooperative and to
23 enroll in health benefit plan coverage. The election must be filed
24 not later than the 90th day before the date coverage for eligible
25 single-employee businesses is to become effective.

26 (r) A health group cooperative may file an election under
27 Subsection (q) only if a small or large employer health benefit plan

1 issuer has agreed in writing to offer to issue coverage to the
2 cooperative based on its membership after the election to permit
3 eligible single-employee businesses to participate in the
4 cooperative has become effective.

5 (s) On the date an election under Subsection (q) becomes
6 effective and until the election is rescinded, the provisions of
7 this subchapter relating to guaranteed issuance of plans, to rating
8 requirements, and to mandated benefits that are applicable to small
9 employers apply to eligible single-employee businesses that are
10 members of the health group cooperative.

11 (t) A health group cooperative that files an election with
12 the commissioner to permit an eligible single-employee business to
13 join the health group cooperative and enroll in health benefit plan
14 coverage must permit participation and enrollment in the
15 cooperative's health benefit plan coverage during the initial
16 enrollment and annual open enrollment periods by each eligible
17 single-employee business that elects to participate and agrees to
18 satisfy requirements associated with participation in and coverage
19 through the cooperative. For purposes of this subsection, the
20 provisions of Subsections (a-1) and (o) applicable to small
21 employers apply to eligible single-employee businesses.

22 (u) A health group cooperative may rescind its election to
23 permit eligible single-employee businesses to join the cooperative
24 and enroll in health benefit plan coverage only if:

25 (1) the election has been effective for at least two
26 years, except as provided by Subsection (v);

27 (2) the health group cooperative files notice of the

1 rescission with the commissioner not later than the 180th day
2 before the effective date of the rescission; and

3 (3) the health group cooperative provides written
4 notice of termination of coverage to all eligible single-employee
5 business members of the cooperative not later than the 180th day
6 before the effective date of the termination.

7 (v) The commissioner shall adopt rules under which a health
8 group cooperative may rescind an election described by Subsection
9 (u) before the second anniversary of the effective date of the
10 election.

11 (w) Notwithstanding Subsection (u), a health group
12 cooperative that files notice of rescission may choose to permit
13 existing eligible single-employee businesses to remain active,
14 covered members of the cooperative, but only if all such members of
15 the cooperative are provided the same opportunity.

16 (x) A health group cooperative that has rescinded an
17 election under Subsection (u) may not file a subsequent election to
18 permit eligible single-employee businesses to join the cooperative
19 and enroll in health benefit plan coverage before the fifth
20 anniversary of the effective date of the rescission.

21 SECTION 4. Subsection (b-3), Section 1501.063, Insurance
22 Code, is amended to read as follows:

23 (b-3) Except as provided by Section 1501.0581(k), a [A]
24 health group cooperative shall have sole authority to make benefit
25 elections and perform other administrative functions under this
26 code for the cooperative's participating employers.

27 SECTION 5. Section 1501.065, Insurance Code, is amended to

1 read as follows:

2 Sec. 1501.065. CERTAIN ACTIONS BASED ON RISK
3 CHARACTERISTICS OR HEALTH STATUS PROHIBITED. A cooperative may not
4 limit, restrict, or condition an employer's or employee's
5 membership in a cooperative or, except as provided by Section
6 1501.0581(k), an employer's or employee's choice among benefit
7 plans based on:

8 (1) risk characteristics of a group or of any member of
9 a group; or

10 (2) health status related factors, duration of
11 coverage, or any similar characteristic related to the health
12 status or experience of a group or of any member of a group.

13 SECTION 6. Subchapter B, Chapter 1501, Insurance Code, is
14 amended by adding Sections 1501.066 and 1501.067 to read as
15 follows:

16 Sec. 1501.066. ELECTION TO TREAT PARTICIPATING EMPLOYERS
17 SEPARATELY FOR RATING PURPOSES. (a) Notwithstanding Section
18 1501.063, a health group cooperative may file with the
19 commissioner, on a form and in the manner prescribed by the
20 commissioner, an election to treat participating employers within
21 the cooperative as separate employers for purposes of rating small
22 and large employer health benefit plans, subject to the rating
23 requirements of this code applicable to such plans. An existing
24 health group cooperative must file the election with the department
25 not later than the 90th day before the date on which the election is
26 to become effective.

27 (b) A health group cooperative must provide to all

1 participating and prospective employers, in a manner prescribed by
2 the commissioner, a written notice of its election to treat
3 participating employers within the cooperative as separate
4 employers for purposes of rating small and large employer health
5 benefit plans. Employers participating in the cooperative when
6 such an election is made must be provided notice of the election not
7 later than the 90th day before the date the election is to become
8 effective. For a participating employer, the notice must contain
9 the quote for the premium rate applicable to the employer as of the
10 date the plan is renewed. Prospective employers must be provided
11 notice of the election when the prospective employer applies to
12 become a participating employer in the health group cooperative.

13 (c) An election under this section is effective either on
14 the date the plan to which the election applies is initially issued
15 or on the date the plan is renewed and remains in effect for not less
16 than 12 months after that date.

17 Sec. 1501.067. ELIGIBLE SINGLE-EMPLOYEE BUSINESS. The
18 commissioner shall adopt rules governing the eligibility of a
19 single-employee business to participate in a health group
20 cooperative under this subchapter. The rules must include
21 provisions to ensure that each eligible single-employee business
22 has a business purpose and was not formed solely to obtain health
23 benefit plan coverage under this subchapter.

24 SECTION 7. This Act takes effect immediately if it receives
25 a vote of two-thirds of all the members elected to each house, as
26 provided by Section 39, Article III, Texas Constitution. If this
27 Act does not receive the vote necessary for immediate effect, this

S.B. No. 972

1 Act takes effect September 1, 2009.