

1-1 By: Averitt S.B. No. 1403  
1-2 (In the Senate - Filed March 5, 2009; March 17, 2009, read  
1-3 first time and referred to Committee on State Affairs;  
1-4 April 1, 2009, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 1, 2009,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1403 By: Duncan

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to changing the Texas Health Insurance Risk Pool to the  
1-11 Texas Health Insurance Pool, and to the operation of that pool.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. The heading to Chapter 1506, Insurance Code, is  
1-14 amended to read as follows:

1-15 CHAPTER 1506. TEXAS HEALTH INSURANCE [~~RISK~~] POOL

1-16 SECTION 2. Subdivision (7), Section 1506.001, Insurance  
1-17 Code, is amended to read as follows:

1-18 (7) "Pool" means the Texas Health Insurance [~~Risk~~]  
1-19 Pool.

1-20 SECTION 3. Subchapter A, Chapter 1506, Insurance Code, is  
1-21 amended by adding Section 1506.010 to read as follows:

1-22 Sec. 1506.010. REDESIGNATION. Effective September 1, 2009,  
1-23 the Texas Health Insurance Risk Pool is redesignated the Texas  
1-24 Health Insurance Pool. A reference in any law to the Texas Health  
1-25 Insurance Risk Pool means the Texas Health Insurance Pool.

1-26 SECTION 4. Section 1506.152, Insurance Code, is amended by  
1-27 amending Subsections (b) and (c) and adding Subsection (f) to read  
1-28 as follows:

1-29 (b) Subject to Subsection (f), each [~~Each~~] dependent of an  
1-30 individual who is eligible for coverage from the pool is also  
1-31 eligible for coverage from the pool.

1-32 (c) Subject to Subsection (f), if [~~If~~] an individual who  
1-33 obtains coverage from the pool under Subsection (a) is a child, each  
1-34 parent, grandparent, brother, sister, or child of that individual  
1-35 who resides with that individual is also eligible for coverage from  
1-36 the pool.

1-37 (f) A dependent or individual described by Subsection (c)  
1-38 who is not a federally defined eligible individual and who has not  
1-39 experienced a significant break in coverage may not obtain coverage  
1-40 from the pool before the first date on which the dependent or  
1-41 individual has been:

1-42 (1) a legally domiciled resident of this state for at  
1-43 least the 30 days preceding the date of the application for coverage  
1-44 from the pool; and

1-45 (2) a citizen or permanent resident of the United  
1-46 States for at least three continuous years.

1-47 SECTION 5. Section 1506.153, Insurance Code, as amended by  
1-48 Chapters 808 (S.B. 1254), 881 (H.B. 1977), and 1070 (H.B. 2548),  
1-49 Acts of the 80th Legislature, Regular Session, 2007, is reenacted  
1-50 and amended to read as follows:

1-51 Sec. 1506.153. INELIGIBILITY FOR COVERAGE. (a) Notwithstanding  
1-52 Section 1506.152 [~~Section 1506.152(a)-(c)~~], an individual is not  
1-53 eligible for coverage from the pool if:

1-54 (1) on the date pool coverage is to take effect, the  
1-55 individual has health benefit plan coverage from a health benefit  
1-56 plan issuer or health benefit arrangement in effect, except as  
1-57 provided by Section 1506.152(a)(3)(E);

1-58 (2) at the time the individual applies to the pool,  
1-59 except as provided in Subsection (b), the individual is eligible  
1-60 for other health care benefits, including an offer of benefits from  
1-61 the continuation of coverage under Title X, Consolidated Omnibus  
1-62 Budget Reconciliation Act of 1985 (29 U.S.C. Section 1161 et  
1-63 seq.) [~~as amended~~] (COBRA), other than:

2-1 (A) coverage, including COBRA or other  
2-2 continuation coverage or conversion coverage, maintained for any  
2-3 preexisting condition waiting period under a pool policy or during  
2-4 any preexisting condition waiting period or other waiting period of  
2-5 the other coverage;

2-6 (B) employer group coverage conditioned by a  
2-7 limitation of the kind described by Section 1506.152(a)(3)(A) or  
2-8 (C); or

2-9 (C) individual coverage conditioned by a  
2-10 limitation described by Section 1506.152(a)(3)(C) or (D);

2-11 (3) within 12 months before the date the individual  
2-12 applies to the pool, the individual terminated coverage in the  
2-13 pool, unless the individual:

2-14 (A) demonstrates a good faith reason for the  
2-15 termination; or

2-16 (B) is a federally defined eligible individual;

2-17 (4) the individual is confined in a county jail or  
2-18 imprisoned in a state or federal prison;

2-19 (5) any of the individual's premiums are paid for or  
2-20 reimbursed under a government-sponsored program or by a government  
2-21 agency or health care provider;

2-22 (6) the individual's prior coverage with the pool was  
2-23 terminated:

2-24 (A) during the 12-month period preceding the date  
2-25 of application for nonpayment of premiums; or

2-26 (B) for fraud; or

2-27 (7) the individual is eligible for health benefit plan  
2-28 coverage provided in connection with a policy, plan, or program  
2-29 paid for or sponsored by an employer, even though the employer  
2-30 coverage is declined. This subdivision does not apply to an  
2-31 individual who is a part-time employee or a part-time employee's  
2-32 dependent eligible to participate in an employer plan that provides  
2-33 health benefit coverage:

2-34 (A) that is more limited or restricted than  
2-35 coverage with the pool; and

2-36 (B) for which there is no employer contribution  
2-37 to the premium, either directly or indirectly.

2-38 (b) An individual eligible for benefits from the  
2-39 continuation of coverage under Title X, Consolidated Omnibus Budget  
2-40 Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.) [~~as~~  
2-41 ~~amended~~] (COBRA), or a comparable federal or state employee  
2-42 coverage continuation program, who did not elect continuation of  
2-43 coverage during the election period, or whose elected continuation  
2-44 of coverage lapsed or was cancelled without reinstatement, is  
2-45 eligible for pool coverage. Eligibility under this subsection is  
2-46 subject to a minimum 180-day exclusion of coverage under Section  
2-47 1506.155(a-1).

2-48 SECTION 6. Section 1506.155, Insurance Code, is amended by  
2-49 amending Subsection (a-1) and adding Subsection (c-1) to read as  
2-50 follows:

2-51 (a-1) Except as provided by Section 1506.056, pool coverage  
2-52 for an individual eligible pursuant to Section 1506.153(b) excludes  
2-53 charges or expenses incurred before the first anniversary of [~~the~~  
2-54 ~~expiration of 180 days from~~] the effective date of coverage with  
2-55 regard to any condition for which:

2-56 (1) the existence of symptoms would cause an  
2-57 ordinarily prudent person to seek diagnosis, care, or treatment  
2-58 within the six-month period preceding the effective date of  
2-59 coverage; or

2-60 (2) medical advice, care, or treatment was recommended  
2-61 or received during the six-month period preceding the effective  
2-62 date of coverage.

2-63 (c-1) If an individual eligible under Section 1506.153(b)  
2-64 was covered by creditable coverage at any time during the 12-month  
2-65 period immediately preceding the effective date of the individual's  
2-66 coverage under the pool, the pool shall subtract from the exclusion  
2-67 period required under Subsection (a-1) up to 180 days of:

2-68 (1) the period during which the individual was  
2-69 covered under the creditable coverage; and

3-1 (2) any waiting period that applied before the  
3-2 creditable coverage became effective.

3-3 SECTION 7. Subsection (b), Section 1506.2523, Insurance  
3-4 Code, is amended to read as follows:

3-5 (b) For purposes of this section, gross health benefit plan  
3-6 premiums do not include premiums collected for:

3-7 (1) coverage under a Medicare supplement benefit plan  
3-8 subject to Chapter 1652;

3-9 (2) coverage under a small employer health benefit  
3-10 plan subject to Subchapters A-H, Chapter 1501; or

3-11 (3) coverage or insurance listed in Section  
3-12 1506.002(b), (c), or (d).

3-13 SECTION 8. This Act applies only to an application for  
3-14 initial or renewal coverage through the Texas Health Insurance Risk  
3-15 Pool under Chapter 1506, Insurance Code, as amended by this Act,  
3-16 that is filed with the pool on or after January 1, 2010. An  
3-17 application filed before that date is governed by the law in effect  
3-18 on the date on which the application was filed, and the former law  
3-19 is continued in effect for that purpose.

3-20 SECTION 9. This Act takes effect September 1, 2009.

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