

BILL ANALYSIS

S.B. 1332
By: Duncan
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law defines a small employer for the purposes of applying state health insurance regulations as an entity that employs two to 50 employees and defines a large employer as an entity that employs 51 or more employees. Interested parties assert that current law does not include part-time employees in the methodology used to determine the number of eligible employees for purposes of small or large employer classification, which results in more Texas employers being classified as small employers. However, these parties note that federal law defines employer size based on the total number of employees, which results in more employers being classified as large employers under federal law. The parties contend that changes to the state's method of determining employer classification should be changed in response to recent changes to federal health insurance regulations that could significantly impact the small employer group benefits and rating structures. S.B. 1332 seeks to change the methodology for determining the number of employees for classification as a small or large employer for health insurance regulation purposes to count the total number of employees, regardless of whether those employees are employed on a full or part-time basis.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1332 amends the Insurance Code to apply provisions of the Health Insurance Portability and Availability Act to an individual or group health benefit plan that constitutes a small employer health benefit plan or large employer health benefit plan if such a plan provides health care benefits to certain of its employees, regardless of whether the employee meets the definition in statute of an eligible employee. The bill authorizes an independent school district to elect to participate as a small employer without regard to the number of employees, rather than eligible employees, in the district.

S.B. 1332 establishes that a determination of whether an employer is a small employer for an employer that did not exist throughout the calendar year preceding the year in which the determination is made is based on the average number of employees, rather than both employees and eligible employees, the employer reasonably expects to employ on business days in the calendar year in which the determination is made. The bill establishes that the determination of whether such an employer is a large employer is based on the average number of employees, rather than the average number of eligible employees, the employer reasonably expects to employ on business days in the calendar year in which the determination is made.

S.B. 1332 redefines "large employer" and "small employer" to base those definitions on the number of employees, rather than eligible employees, the employer employs and redefines "premium" to mean all amounts paid by a small or large employer and employees, rather than eligible employees, as a condition of receiving coverage from a small or large employer health

benefit plan issuer, including any fees or other contributions associated with a health benefit plan.

S.B. 1332 applies only to a health benefit plan delivered, issued for delivery, or renewed on or after January 1, 2014.

EFFECTIVE DATE

September 1, 2013.