

1-1 By: Duncan S.B. No. 1332
 1-2 (In the Senate - Filed March 7, 2013; March 13, 2013, read
 1-3 first time and referred to Committee on State Affairs;
 1-4 April 3, 2013, reported favorably by the following vote: Yeas 9,
 1-5 Nays 0; April 3, 2013, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Duncan	X			
1-8 Deuell	X			
1-9 Ellis	X			
1-10 Fraser	X			
1-11 Huffman	X			
1-12 Lucio	X			
1-13 Nichols	X			
1-14 Van de Putte	X			
1-15 Williams	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to who is an employee for large and small employers for
 1-20 health benefit plans.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subdivisions (8), (13), and (14), Section
 1-23 1501.002, Insurance Code, are amended to read as follows:

1-24 (8) "Large employer" means a person who employed an
 1-25 average of at least 51 ~~[eligible]~~ employees on business days during
 1-26 the preceding calendar year and who employs at least two employees
 1-27 on the first day of the plan year. The term includes a governmental
 1-28 entity subject to Article 3.51-1, 3.51-4, or 3.51-5, to Subchapter
 1-29 C, Chapter 1364, to Chapter 1578, or to Chapter 177, Local
 1-30 Government Code, that otherwise meets the requirements of this
 1-31 subdivision. For purposes of this definition, a partnership is the
 1-32 employer of a partner.

1-33 (13) "Premium" means all amounts paid by a small or
 1-34 large employer and ~~[eligible]~~ employees as a condition of receiving
 1-35 coverage from a small or large employer health benefit plan issuer,
 1-36 including any fees or other contributions associated with a health
 1-37 benefit plan.

1-38 (14) "Small employer" means a person who employed an
 1-39 average of at least two employees but not more than 50 ~~[eligible]~~
 1-40 employees on business days during the preceding calendar year and
 1-41 who employs at least two employees on the first day of the plan
 1-42 year. The term includes a governmental entity subject to Article
 1-43 3.51-1, 3.51-4, or 3.51-5, to Subchapter C, Chapter 1364, to
 1-44 Chapter 1578, or to Chapter 177, Local Government Code, that
 1-45 otherwise meets the requirements of this subdivision. For purposes
 1-46 of this definition, a partnership is the employer of a partner.

1-47 SECTION 2. Section 1501.003, Insurance Code, is amended to
 1-48 read as follows:

1-49 Sec. 1501.003. APPLICABILITY: SMALL EMPLOYER HEALTH
 1-50 BENEFIT PLANS. An individual or group health benefit plan is a
 1-51 small employer health benefit plan subject to Subchapters C-H if it
 1-52 provides health care benefits covering two or more ~~[eligible]~~
 1-53 employees of a small employer and:

1-54 (1) the employer pays a portion of the premium or
 1-55 benefits;

1-56 (2) the employer or a covered individual treats the
 1-57 health benefit plan as part of a plan or program for purposes of
 1-58 Section 106 or 162, Internal Revenue Code of 1986 (26 U.S.C. Section
 1-59 106 or 162); or

1-60 (3) the health benefit plan is an employee welfare
 1-61 benefit plan under 29 C.F.R. Section 2510.3-1(j).

2-1 SECTION 3. Section 1501.004, Insurance Code, is amended to
2-2 read as follows:

2-3 Sec. 1501.004. APPLICABILITY: LARGE EMPLOYER HEALTH
2-4 BENEFIT PLANS. An individual or group health benefit plan is a
2-5 large employer health benefit plan subject to Subchapters C and M if
2-6 the plan provides health care benefits to [~~eligible~~] employees of a
2-7 large employer and:

2-8 (1) the employer pays a portion of the premium or
2-9 benefits;

2-10 (2) the employer or a covered individual treats the
2-11 health benefit plan as part of a plan or program for purposes of
2-12 Section 106 or 162, Internal Revenue Code of 1986 (26 U.S.C. Section
2-13 106 or 162); or

2-14 (3) the health benefit plan is an employee welfare
2-15 benefit plan under 29 C.F.R. Section 2510.3-1(j).

2-16 SECTION 4. Subsection (a), Section 1501.009, Insurance
2-17 Code, is amended to read as follows:

2-18 (a) An independent school district may elect to participate
2-19 as a small employer without regard to the number of [~~eligible~~]
2-20 employees in the district. An independent school district that
2-21 makes the election is treated as a small employer under this chapter
2-22 for all purposes.

2-23 SECTION 5. Subsections (a) and (b), Section 1501.011,
2-24 Insurance Code, are amended to read as follows:

2-25 (a) For an employer that did not exist throughout the
2-26 calendar year preceding the year in which the determination of
2-27 whether the employer is a small employer is made, the determination
2-28 is based on the average number of employees [~~and eligible~~
2-29 ~~employees~~] the employer reasonably expects to employ on business
2-30 days in the calendar year in which the determination is made.

2-31 (b) For an employer that did not exist throughout the
2-32 calendar year preceding the year in which the determination of
2-33 whether the employer is a large employer is made, the determination
2-34 is based on the average number of [~~eligible~~] employees the employer
2-35 reasonably expects to employ on business days in the calendar year
2-36 in which the determination is made.

2-37 SECTION 6. The change in law made by this Act applies only
2-38 to a health benefit plan delivered, issued for delivery, or renewed
2-39 on or after January 1, 2014. A plan that is delivered, issued for
2-40 delivery, or renewed before January 1, 2014, is governed by the law
2-41 in effect immediately before the effective date of this Act, and
2-42 that law continues in effect for that purpose.

2-43 SECTION 7. This Act takes effect September 1, 2013.

2-44 * * * * *