

By: Duncan

S.B. No. 1367

A BILL TO BE ENTITLED

AN ACT

relating to abolishing the Texas Health Insurance Pool.

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

SECTION 1. DEFINITIONS. In this Act:

(1) "Board" means the board of directors of the pool.

(2) "Commissioner" means the commissioner of insurance.

(3) "Department" means the Texas Department of Insurance.

(4) "Health benefit exchange" has the meaning assigned by Section 1369.201, Insurance Code.

(5) "Pool" means the Texas Health Insurance Pool established under Chapter 1506, Insurance Code, as that chapter existed before its repeal by this Act.

SECTION 2. PLAN FOR DISSOLUTION. As soon as practicable after the effective date of this Act, the board shall:

(1) develop a plan for:

(A) dissolving the board and the pool after the pool's obligations to issue and continue health benefit coverage terminate under Sections 3 and 4 of this Act; and

(B) transferring to the commissioner and the department:

(i) any continuing obligations of the board and the pool;

1 (ii) any assets of the pool;

2 (iii) any rights of the board or the pool  
3 that accrued before the dissolution of the board or the pool or that  
4 accrue with respect to coverage issued by the pool before the pool's  
5 dissolution; and

6 (iv) any authority previously held by the  
7 board the continuation of which is necessary or appropriate; and

8 (2) submit the plan to the commissioner for the  
9 commissioner's approval.

10 SECTION 3. ACCEPTANCE OF ENROLLEES. (a) The latest date on  
11 which the pool may issue health benefit coverage is the later of:

12 (1) December 31, 2013; or

13 (2) the earliest date on which health benefit coverage  
14 is reasonably available on a guaranteed issue basis through a  
15 health benefit exchange to each class of individuals eligible for  
16 health benefit coverage through the pool immediately before the  
17 effective date of this Act, as determined by the commissioner.

18 (b) Notwithstanding Section 1251.255(b), Section 1271.305,  
19 and Sections 1506.007(a-1) and (a-2), Insurance Code, an insurer,  
20 health maintenance organization, or other health benefit plan  
21 issuer is not required to give notice under those sections on or  
22 after the date on which the pool is no longer required to issue  
23 health benefit coverage.

24 SECTION 4. TERMINATION OF POOL COVERAGE. Health benefit  
25 coverage that is issued to an individual by the pool and that is  
26 otherwise in force terminates on the later of:

27 (1) January 1, 2014; or

1 (2) the earliest date on which the individual:

2 (A) is enrolled in comparable health benefit  
3 coverage, as determined by the commissioner; or

4 (B) could reasonably be expected to have obtained  
5 health benefit coverage on a guaranteed issue basis through a  
6 health benefit exchange, as determined by the commissioner.

7 SECTION 5. SATISFACTION OF COVERAGE OBLIGATIONS INCURRED  
8 UNDER PREVIOUS POOL COVERAGE. The department shall, on  
9 dissolution of the pool, accept and process claims for payment of  
10 obligations incurred under health benefit coverage previously  
11 issued by the pool and pay any obligations of the pool incurred  
12 under that coverage.

13 SECTION 6. EXERCISE OF POOL'S RECOVERY RIGHTS. The  
14 department may exercise any authority to recover overpayments or  
15 other amounts the pool would have been authorized to recover or  
16 collect had the pool not been dissolved, including amounts  
17 recoverable under the pool's subrogation rights.

18 SECTION 7. TRANSFER OF CERTAIN FUNDS; ASSESSMENT AUTHORITY  
19 CONTINUED. (a) Any fund in which money belonging to the pool is  
20 kept and any other assets of the pool shall be transferred to the  
21 department on dissolution of the pool. That money and any other  
22 money recovered or otherwise collected by the department under this  
23 Act on behalf of the pool shall be used by the department to satisfy  
24 obligations of the pool in accordance with this Act, Chapter 1506,  
25 Insurance Code, as that chapter existed before its repeal by this  
26 Act, and the dissolution plan.

27 (b) The authority of the board to make assessments under

1 Subchapter F, Chapter 1506, Insurance Code, as that subchapter  
2 existed before its repeal by this Act, is continued and may be  
3 exercised by the commissioner until the commissioner determines  
4 that all financial obligations of the board and the pool have been  
5 satisfied.

6 (c) When the commissioner determines that all financial  
7 obligations of the board and the pool have been satisfied, the  
8 commissioner shall make a final accounting with respect to pool  
9 finances and:

10 (1) make any necessary final assessment under this  
11 section; or

12 (2) refund any surplus assessments or other surplus  
13 money collected on behalf of the pool, other than money described by  
14 Subsection (d) of this section:

15 (A) on a pro rata basis to the health benefit plan  
16 issuers that paid the assessments to the extent possible; or

17 (B) on another equitable basis to the extent pro  
18 rata refunds are not possible.

19 (d) If money paid or payable under Sections 843.342(m) and  
20 1301.137(1), Insurance Code, is no longer necessary to finance  
21 premium discounts as prescribed by Section 1506.260, Insurance  
22 Code, as that section existed immediately before the effective date  
23 of this Act, and no other use is prescribed for that money by  
24 another Act of the legislature, the money shall be directed, at the  
25 commissioner's discretion, to the fund established under  
26 Subchapter F, Chapter 1508, Insurance Code, for a purpose provided  
27 by that subchapter or to the corporation established under Chapter

1 182, Health and Safety Code, for a purpose provided by that chapter.

2 SECTION 8. DELAYED IMPLEMENTATION. The commissioner by  
3 rule may delay the implementation of any part of Sections 1-7 of  
4 this Act or the pool dissolution plan established under this Act if:

5 (1) the guaranteed issue of health benefit coverage  
6 is delayed;

7 (2) the operation of a health benefit exchange in this  
8 state is delayed; or

9 (3) the commissioner determines that health benefit  
10 coverage expected to be available on a guaranteed issue basis to a  
11 class of individuals eligible for coverage under Chapter 1506,  
12 Insurance Code, immediately before the effective date of this Act,  
13 is not reasonably available to those individuals in this state.

14 SECTION 9. REPEALER. Effective September 1, 2015, the  
15 following laws are repealed:

16 (1) Chapter 1506, Insurance Code;

17 (2) Section 1251.255(b), Insurance Code; and

18 (3) Section 1271.305, Insurance Code.

19 SECTION 10. EFFECTIVE DATE. This Act takes effect  
20 immediately if it receives a vote of two-thirds of all the members  
21 elected to each house, as provided by Section 39, Article III, Texas  
22 Constitution. If this Act does not receive the vote necessary for  
23 immediate effect, this Act takes effect September 1, 2013.