

AN ACT

relating to the offering of health benefit coverage by subsidiaries of the Texas Mutual Insurance Company.

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

SECTION 1. Section 2054.107, Insurance Code, is amended to read as follows:

Sec. 2054.107. CERTAIN RELATIONSHIPS WITH OTHER INSURERS PROHIBITED. Except as provided by Section 2054.602, the [The] company may not have:

(1) an affiliate, spin-off, or subsidiary that writes a line of insurance other than workers' compensation insurance; or

(2) interlocking boards of directors with an insurer that writes a line of insurance other than workers' compensation insurance.

SECTION 2. Chapter 2054, Insurance Code, is amended by adding Subchapter M to read as follows:

SUBCHAPTER M. SUBSIDIARIES AUTHORIZED TO PROVIDE HEALTH BENEFIT COVERAGE

Sec. 2054.601. DEFINITION. In this subchapter, "alternative health benefit coverage" means health benefit coverage:

(1) provided by a subsidiary of the company that is not authorized to engage in the business of insurance in this state;

(2) offered only to:

- 1 (A) individuals;
2 (B) small businesses with not more than 250
3 full-time equivalent employees; or
4 (C) the company's policyholders or their
5 employees; and

6 (3) that is not:

7 (A) provided through an insurance policy or other
8 product the offering or issuance of which constitutes the business
9 of insurance in this state; or

10 (B) benefit coverage subject to the laws
11 governing workers' compensation in this state.

12 Sec. 2054.602. HEALTH BENEFIT COVERAGE OFFERED BY
13 SUBSIDIARY AUTHORIZED. (a) The company may create, acquire, or
14 otherwise own or operate one or more subsidiaries that offer
15 accident or health insurance or another type of health benefit
16 coverage or health benefit plan as provided by this subchapter.

17 (b) A subsidiary of the company may offer in this state:

18 (1) accident or health insurance or another type of
19 health benefit plan authorized under this code, in accordance with
20 a certificate of authority issued to the subsidiary under this
21 code; or

22 (2) alternative health benefit coverage as described
23 by Section 2054.601.

24 (c) A subsidiary of the company may not offer or issue an
25 occupational policy for an employer or an employer's employees
26 covering an occupational bodily injury, disease, or death that
27 explicitly provides liability coverage to an employer that elects

1 not to maintain workers' compensation insurance coverage under
2 Chapter 406, Labor Code.

3 (d) A subsidiary of the company may not offer or issue any
4 policy, plan, or benefit coverage under this section before
5 September 1, 2023. This subsection expires September 1, 2023.

6 Sec. 2054.603. CONSIDERATIONS AND GUIDING PRINCIPLES FOR
7 DEVELOPING HEALTH BENEFIT COVERAGE OFFERINGS. (a) In developing
8 health benefit coverage or health benefit plan options to be
9 offered through a subsidiary of the company, the company shall
10 fully explore all health coverage options that may be offered under
11 this subchapter and place emphasis on:

12 (1) increasing competition in the health insurance
13 market;

14 (2) utilizing innovations that improve the quality of
15 health care while lowering health care costs;

16 (3) ensuring adequacy of benefits and access to care
17 for individuals in this state with preexisting conditions;

18 (4) issuing coverage in a manner that does not
19 discriminate against individuals with preexisting conditions;

20 (5) leveraging federal tax credits that may be
21 available for private health benefit plans to the greatest extent
22 possible to increase the affordability of health benefit plans;

23 (6) ensuring transparency and coherence of costs and
24 coverage to inform individuals shopping for health benefits;

25 (7) reducing incidences of medical debt faced by
26 individuals in this state and uncompensated care faced by providers
27 in this state; and

1 (8) ensuring equitable costs regardless of gender or
2 prospects of pregnancy or childbirth.

3 (b) Not later than September 1, 2022, the company shall
4 submit to the legislature a report explaining how any anticipated
5 health benefit coverage offerings would comply with all
6 considerations and guiding principles for developing health
7 benefit coverage offerings under Subsection (a). This subsection
8 expires January 1, 2023.

9 Sec. 2054.604. RULES. Except with respect to alternative
10 health benefit coverage as described by Section 2054.601 or a
11 subsidiary of the company offering alternative health benefit
12 coverage, the commissioner may adopt rules as necessary to
13 implement this subchapter.

14 Sec. 2054.605. EXEMPTION FROM OTHER INSURANCE LAWS. A
15 provision of this code, other than this chapter, does not apply to
16 alternative health benefit coverage as described by Section
17 2054.601 unless alternative health benefit coverage is expressly
18 mentioned in the other law.

19 Sec. 2054.606. SUBSIDIARY NOT ENGAGED IN BUSINESS OF
20 INSURANCE. Notwithstanding any other provision of this code, for
21 the purposes of offering alternative health benefit coverage as
22 described by Section 2054.601, a subsidiary of the company that
23 acts in accordance with this subchapter is not an insurer and is not
24 engaging in the business of insurance in this state.

25 Sec. 2054.607. RISK TRANSFER OR COVERAGE. A subsidiary of
26 the company that offers health benefit coverage under this
27 subchapter may contract with an outside company authorized to

1 engage in the business of insurance in this state that is not under
2 common control with the company or the subsidiary to:

3 (1) transfer to the outside company all or a portion of
4 the subsidiary's risks arising from health benefit coverage offered
5 under this subchapter; or

6 (2) obtain insurance coverage from the outside company
7 guarantying the subsidiary's obligations arising from health
8 benefit coverage offered under this subchapter.

9 SECTION 3. This Act takes effect September 1, 2021.

President of the Senate

Speaker of the House

I certify that H.B. No. 3752 was passed by the House on May 5, 2021, by the following vote: Yeas 100, Nays 46, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 3752 on May 28, 2021, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 3752 on May 30, 2021, by the following vote: Yeas 89, Nays 53, 2 present, not voting.

Chief Clerk of the House

H.B. No. 3752

I certify that H.B. No. 3752 was passed by the Senate, with amendments, on May 25, 2021, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 3752 on May 30, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor