

1-1 By: Frank, et al. (Senate Sponsor - Hancock) H.B. No. 3752
 1-2 (In the Senate - Received from the House May 5, 2021;
 1-3 May 10, 2021, read first time and referred to Committee on Business
 1-4 & Commerce; May 21, 2021, reported adversely, with favorable
 1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
 1-6 May 21, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 3752 By: Hancock

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the offering of health benefit coverage by subsidiaries
 1-22 of the Texas Mutual Insurance Company.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 2054.107, Insurance Code, is amended to
 1-25 read as follows:

1-26 Sec. 2054.107. CERTAIN RELATIONSHIPS WITH OTHER INSURERS
 1-27 PROHIBITED. Except as provided by Section 2054.602, the [The]
 1-28 company may not have:

1-29 (1) an affiliate, spin-off, or subsidiary that writes
 1-30 a line of insurance other than workers' compensation insurance; or

1-31 (2) interlocking boards of directors with an insurer
 1-32 that writes a line of insurance other than workers' compensation
 1-33 insurance.

1-34 SECTION 2. Chapter 2054, Insurance Code, is amended by
 1-35 adding Subchapter M to read as follows:

1-36 SUBCHAPTER M. SUBSIDIARIES AUTHORIZED TO PROVIDE HEALTH BENEFIT
 1-37 COVERAGE

1-38 Sec. 2054.601. DEFINITION. In this subchapter,
 1-39 "alternative health benefit coverage" means health benefit
 1-40 coverage:

1-41 (1) provided by a subsidiary of the company that is not
 1-42 authorized to engage in the business of insurance in this state;

1-43 (2) offered only to:

1-44 (A) individuals;

1-45 (B) small businesses with not more than 250
 1-46 full-time equivalent employees; or

1-47 (C) the company's policyholders or their
 1-48 employees; and

1-49 (3) that is not:

1-50 (A) provided through an insurance policy or other
 1-51 product the offering or issuance of which constitutes the business
 1-52 of insurance in this state; or

1-53 (B) benefit coverage subject to the laws
 1-54 governing workers' compensation in this state.

1-55 Sec. 2054.602. HEALTH BENEFIT COVERAGE OFFERED BY
 1-56 SUBSIDIARY AUTHORIZED. (a) The company may create, acquire, or
 1-57 otherwise own or operate one or more subsidiaries that offer
 1-58 accident or health insurance or another type of health benefit
 1-59 coverage or health benefit plan as provided by this subchapter.

1-60 (b) A subsidiary of the company may offer in this state:

2-1 (1) accident or health insurance or another type of
2-2 health benefit plan authorized under this code, in accordance with
2-3 a certificate of authority issued to the subsidiary under this
2-4 code; or

2-5 (2) alternative health benefit coverage as described
2-6 by Section 2054.601.

2-7 (c) A subsidiary of the company may not offer or issue an
2-8 occupational policy for an employer or an employer's employees
2-9 covering an occupational bodily injury, disease, or death that
2-10 explicitly provides liability coverage to an employer that elects
2-11 not to maintain workers' compensation insurance coverage under
2-12 Chapter 406, Labor Code.

2-13 (d) A subsidiary of the company may not offer or issue any
2-14 policy, plan, or benefit coverage under this section before
2-15 September 1, 2023. This subsection expires September 1, 2023.

2-16 Sec. 2054.603. CONSIDERATIONS AND GUIDING PRINCIPLES FOR
2-17 DEVELOPING HEALTH BENEFIT COVERAGE OFFERINGS. (a) In developing
2-18 health benefit coverage or health benefit plan options to be
2-19 offered through a subsidiary of the company, the company shall
2-20 fully explore all health coverage options that may be offered under
2-21 this subchapter and place emphasis on:

2-22 (1) increasing competition in the health insurance
2-23 market;

2-24 (2) utilizing innovations that improve the quality of
2-25 health care while lowering health care costs;

2-26 (3) ensuring adequacy of benefits and access to care
2-27 for individuals in this state with preexisting conditions;

2-28 (4) issuing coverage in a manner that does not
2-29 discriminate against individuals with preexisting conditions;

2-30 (5) leveraging federal tax credits that may be
2-31 available for private health benefit plans to the greatest extent
2-32 possible to increase the affordability of health benefit plans;

2-33 (6) ensuring transparency and coherence of costs and
2-34 coverage to inform individuals shopping for health benefits;

2-35 (7) reducing incidences of medical debt faced by
2-36 individuals in this state and uncompensated care faced by providers
2-37 in this state; and

2-38 (8) ensuring equitable costs regardless of gender or
2-39 prospects of pregnancy or childbirth.

2-40 (b) Not later than September 1, 2022, the company shall
2-41 submit to the legislature a report explaining how any anticipated
2-42 health benefit coverage offerings would comply with all
2-43 considerations and guiding principles for developing health
2-44 benefit coverage offerings under Subsection (a). This subsection
2-45 expires January 1, 2023.

2-46 Sec. 2054.604. RULES. Except with respect to alternative
2-47 health benefit coverage as described by Section 2054.601 or a
2-48 subsidiary of the company offering alternative health benefit
2-49 coverage, the commissioner may adopt rules as necessary to
2-50 implement this subchapter.

2-51 Sec. 2054.605. EXEMPTION FROM OTHER INSURANCE LAWS. A
2-52 provision of this code, other than this chapter, does not apply to
2-53 alternative health benefit coverage as described by Section
2-54 2054.601 unless alternative health benefit coverage is expressly
2-55 mentioned in the other law.

2-56 Sec. 2054.606. SUBSIDIARY NOT ENGAGED IN BUSINESS OF
2-57 INSURANCE. Notwithstanding any other provision of this code, for
2-58 the purposes of offering alternative health benefit coverage as
2-59 described by Section 2054.601, a subsidiary of the company that
2-60 acts in accordance with this subchapter is not an insurer and is not
2-61 engaging in the business of insurance in this state.

2-62 Sec. 2054.607. RISK TRANSFER OR COVERAGE. A subsidiary of
2-63 the company that offers health benefit coverage under this
2-64 subchapter may contract with an outside company authorized to
2-65 engage in the business of insurance in this state that is not under
2-66 common control with the company or the subsidiary to:

2-67 (1) transfer to the outside company all or a portion of
2-68 the subsidiary's risks arising from health benefit coverage offered
2-69 under this subchapter; or

3-1 (2) obtain insurance coverage from the outside company
3-2 guarantying the subsidiary's obligations arising from health
3-3 benefit coverage offered under this subchapter.

3-4 Sec. 2054.608. EXPIRATION OF SUBCHAPTER. This subchapter
3-5 expires August 31, 2023.

3-6 SECTION 3. This Act takes effect September 1, 2021.

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