

House Bill 3752
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

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:
 - (A) individuals;
 - (B) small businesses with not more than 250 full-time equivalent employees; or
 - (C) the company's policyholders or their employees; and
- (3) that is not:
 - (A) provided through an insurance policy or other product the offering or issuance of which constitutes the business of insurance in this state; or
 - (B) benefit coverage subject to the laws governing workers' compensation in this state.

Sec. 2054.602. HEALTH BENEFIT COVERAGE

SENATE VERSION (CS)

SECTION 1. Same as House version.

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:
 - (A) individuals;
 - (B) small businesses with not more than 250 full-time equivalent employees; or
 - (C) the company's policyholders or their employees; and
- (3) that is not:
 - (A) provided through an insurance policy or other product the offering or issuance of which constitutes the business of insurance in this state; or
 - (B) benefit coverage subject to the laws governing workers' compensation in this state.

Sec. 2054.602. HEALTH BENEFIT COVERAGE

CONFERENCE

House Bill 3752
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

OFFERED BY SUBSIDIARY AUTHORIZED. (a) The company may create, acquire, or otherwise own or operate one or more subsidiaries that offer accident or health insurance or another type of health benefit coverage or health benefit plan as provided by this subchapter.

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

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

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

(c) The company may not be held liable for an act or obligation of a subsidiary of the company operating under this section.

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

Sec. 2054.603. CONSIDERATIONS AND GUIDING PRINCIPLES FOR DEVELOPING HEALTH BENEFITS OFFERINGS. In developing health benefits or health benefit plan options to be offered through a subsidiary of the company, the company shall fully explore all health coverage options that may be offered under this subchapter and place emphasis on:

SENATE VERSION (CS)

OFFERED BY SUBSIDIARY AUTHORIZED. (a) The company may create, acquire, or otherwise own or operate one or more subsidiaries that offer accident or health insurance or another type of health benefit coverage or health benefit plan as provided by this subchapter.

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

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

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

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

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

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

CONFERENCE

House Bill 3752
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

- (1) increasing competition in the health insurance market;
- (2) utilizing innovations that improve the quality of health care while lowering health care costs;
- (3) ensuring coverage and access to care for individuals in this state with preexisting conditions;

(4) leveraging federal tax credits that may be available for private health benefit coverage to the greatest extent possible to increase the affordability of health benefit coverage;

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

(6) reducing incidences of medical debt faced by individuals in this state and uncompensated care faced by providers in this state; and

(7) ensuring equitable costs regardless of gender or prospects of pregnancy or childbirth.

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

Sec. 2054.605. EXEMPTION FROM OTHER INSURANCE LAWS. A provision of this code, other than this chapter, does not apply to alternative health benefit coverage as described by Section 2054.601 unless alternative health benefit coverage

SENATE VERSION (CS)

- (1) increasing competition in the health insurance market;
- (2) utilizing innovations that improve the quality of health care while lowering health care costs;
- (3) ensuring adequacy of benefits and access to care for individuals in this state with preexisting conditions;

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

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

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

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

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

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

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

Sec. 2054.605. EXEMPTION FROM OTHER INSURANCE LAWS. A provision of this code, other than this chapter, does not apply to alternative health benefit coverage as described by Section 2054.601 unless alternative health benefit coverage

CONFERENCE

House Bill 3752
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

is expressly mentioned in the other law.

SENATE VERSION (CS)

is expressly mentioned in the other law.

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

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

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

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

Sec. 2054.608. EXPIRATION OF SUBCHAPTER. This subchapter expires August 31, 2023.

CONFERENCE

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

SECTION 3. Same as House version.