

BILL ANALYSIS

Senate Research Center

S.B. 1409
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Education K-16
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Access to affordable and comprehensive healthcare is a critical factor in ensuring the well-being and academic success of students in Texas' institutions of higher education. Many colleges and universities provide health benefits to students and their families to support their physical and mental health needs. However, current state law does not clearly define or regulate these offerings, creating uncertainty for institutions and students regarding the scope and structure of such health benefits.

Some institutions of higher education seek to provide health benefits outside of traditional insurance models, offering plans tailored to students' needs. These plans often provide essential medical coverage, yet because they are not classified as traditional health insurance, they operate without a clear legal framework. Without proper guidance, institutions may face challenges in structuring and administering these plans, and students may lack sufficient transparency about the nature of the benefits they are receiving.

S.B. 1409 establishes a statutory framework for institutions of higher education to offer health benefit plans to students and their families. The bill clarifies that these plans are not considered traditional health insurance but are instead institution-sponsored health benefits. It ensures that institutions must provide clear disclosures to enrollees regarding the nature of the benefits, including the fact that they are not subject to state insurance regulations.

Additionally, S.B. 1409 protects students by limiting waiting periods for preexisting conditions, ensuring reasonable access to healthcare services. Institutions offering these plans must register with the Texas Department of Insurance to provide transparency and accountability. The legislation also permits institutions to contract with licensed insurance companies to transfer risk or obtain coverage for their obligations under these plans. By creating a structured approach to institution-sponsored health benefits, this bill promotes greater access to healthcare for students and their families while ensuring consumer protections.

Comparison:

The committee substitute was developed with suggestions from the Texas Department of Insurance and other stakeholders.

S.B. 1409 references "institutions of higher education," does not include the specific requirement that higher education health benefit plans be optional for students, and does not include actuarial soundness provisions.

C.S.S.B. 1409 instead references "postsecondary educational institutions," and specifically includes a requirement that these plans be optional to students and specifies requirements for actuarial soundness.

Version:	S.B. 1409 (89R 1424)	C.S.S.B. 1409 (89R 21096))
Title for higher education benefit providers. Section 2	Defines <i>institution of higher education</i>	Defines <i>postsecondary educational institution</i> . No substantive change. Legislative Council requested

		this change to maintain continuity in referencing both private and public institutions.
Optional Enrollment Section 2	No inclusion of this requirement.	An institution that offers higher education health benefits may not require a student to enroll in the benefits.
Actuarial Soundness Section 2	Does not include Sec. 1683.007 ACTUARIAL SOUNDNESS.	A postsecondary educational institution must ensure <i>actuarial soundness</i> by: <ul style="list-style-type: none"> • Obtaining an actuarial opinion for recommended cash reserves and stop-loss insurance they should have to offer benefits; and • Maintaining the liquidity and stop-loss insurance recommended by an actuary.

S.B. 1409 amends current law relating to health benefits offered by postsecondary educational institutions to students and their families.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1275.002, Insurance Code, as follows:

Sec. 1275.002. APPLICABILITY OF CHAPTER. Provides that Chapter 1275 (Balance Billing Prohibitions and Out-of-Network Claim Dispute Resolution for Certain Plans) applies only to certain health benefit plans, including a health benefit plan offered by a postsecondary educational institution under Chapter 1683. Makes nonsubstantive changes.

SECTION 2. Amends Subtitle K, Title 8, Insurance Code, by adding Chapter 1683, as follows:

CHAPTER 1683. HEALTH BENEFITS PROVIDED BY CERTAIN POSTSECONDARY EDUCATIONAL INSTITUTIONS

Sec. 1683.001. DEFINITIONS. Defines "higher education health benefits," "postsecondary educational institution," and "preexisting condition."

Sec. 1683.002. HIGHER EDUCATION HEALTH BENEFITS AUTHORIZED. Authorizes a postsecondary educational institution to offer in this state higher education health benefits. Prohibits a postsecondary educational institution that offers higher education health benefits under this chapter from requiring a student to enroll in the benefits.

Sec. 1683.003. WAITING PERIOD FOR PREEXISTING CONDITION. Prohibits a postsecondary educational institution that offers higher education health benefits,

notwithstanding any other provision of this chapter, from requiring a waiting period of more than six months for treatment of a preexisting condition otherwise included in higher education health benefits.

Sec. 1683.004. REQUIRED DISCLOSURE FOR HIGHER EDUCATION HEALTH BENEFITS. (a) Requires a postsecondary educational institution that offers higher education health benefits to provide to an individual applying for higher education health benefits written notice that the benefits are not provided through an insurance policy or other product the offering or issuance of which is regulated as the business of insurance in this state.

(b) Requires an individual to sign and return to the postsecondary educational institution the notice described by Subsection (a) before the individual is authorized to enroll in higher education health benefits. Requires the postsecondary educational institution to maintain a copy of the signed written notice for the duration of the term during which the higher education health benefits are provided to the individual and, at the request of the individual, provide a copy of the written notice to the individual.

Sec. 1683.005. POSTSECONDARY EDUCATIONAL INSTITUTION NOT ENGAGED IN BUSINESS OF HEALTH INSURANCE; REGISTRATION REQUIRED. (a) Provides that, notwithstanding any other provision of the Insurance Code, for the purposes of offering higher education health benefits, a postsecondary educational institution that acts in accordance with this chapter is not a health insurer and is not engaging in the business of health insurance in this state.

(b) Requires a postsecondary educational institution that offers higher education health benefits to register with the Texas Department of Insurance and provide information as needed to facilitate compliance with Chapter 1467 (Out-Of-Network Claim Dispute Resolution), as applicable to those benefits under Section 1275.004 (Out-Of-Network Claim Dispute Resolution).

Sec. 1683.006. RISK TRANSFER OR COVERAGE. Authorizes a postsecondary educational institution that offers higher education health benefits under this chapter to contract with a company authorized to engage in the business of insurance in this state that is not under common control with the postsecondary educational institution to transfer to that company all or a portion of the organization's risks arising from higher education health benefits offered under this chapter or obtain insurance coverage from the company guaranteeing the postsecondary educational institution's obligations arising from higher education health benefits offered under this chapter.

Sec. 1683.007. ACTUARIAL SOUNDNESS. (a) Requires a postsecondary educational institution that offers higher education health benefits under this chapter to administer the benefits in a manner that is actuarially sound.

(b) Requires the postsecondary educational institution to ensure the higher education health benefits offered by the postsecondary educational institution are actuarially sound by:

(1) obtaining an actuarial opinion from an actuary who is a fellow of the Society of Actuaries or a member of the American Academy of Actuaries that recommends the amount of cash reserves and the level of specific and aggregate stop-loss insurance the postsecondary educational institution should maintain for purposes of administering the benefits; and

(2) maintaining the levels of cash reserves and stop-loss insurance recommended by the actuarial opinion obtained under Subdivision (1).

SECTION 3. Effective date: upon passage or September 1, 2025.