

BILL ANALYSIS

S.B. 1409
By: Parker
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that universities and students are increasingly confronted by the rising cost of health care coverage, which students often experience when moving away from their families to another state and are confronted with the difficulty of finding in-network providers and new coverage, but that universities in some states allow students to opt in to receive health care coverage through the university. The bill sponsor has further informed the committee that allowing universities to provide health care coverage to students can help lower health plan costs and, thus, the overall cost of higher education. Current law does not expressly authorize or prohibit these plans. S.B. 1409 seeks to provide postsecondary educational institutions the authority to offer health care coverage to students and their families and sets out certain protections and procedures relating to these plans.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1409 amends the Insurance Code to authorize a postsecondary educational institution, defined as a public, private, or independent institution of higher education, to offer in Texas higher education health benefits, defined as health benefits sponsored by a postsecondary educational institution, offered only to students enrolled at the institution and their family members, that are not provided through an insurance policy or other product the offering or issuance of which is regulated as the business of insurance in Texas, and that are deemed by the institution to be important in assisting its students and their families to live long and productive lives. The bill does the following with respect to a postsecondary educational institution that offers those benefits:

- prohibits the institution from requiring a student to enroll in the benefits;
- prohibits the institution from requiring a waiting period of more than six months for treatment of a preexisting condition otherwise included in the benefits, which is defined in the bill as a condition present before the effective date of an individual's enrollment in the benefit plan; and
- requires the institution to provide to an individual applying for the 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 Texas.

The bill requires an individual to sign and return to the postsecondary educational institution such notice before the individual may enroll in the benefits and requires the institution to

maintain a copy of the signed notice for the duration of the term during which the benefits are provided to the individual and provide a copy of the notice to the individual on their request.

S.B. 1409 establishes that, for the purposes of offering higher education health benefits, a postsecondary educational institution that acts in accordance with the bill's provisions is not a health insurer and is not engaging in the business of health insurance in Texas. The bill, with respect to a postsecondary educational institution that offers higher education health benefits, does the following:

- requires the institution to register with the Texas Department of Insurance and provide information as needed to facilitate compliance with statutory provisions governing out-of-network claim dispute resolution, as applicable to certain benefit plans subject to balance billing prohibitions and out-of-network claim dispute resolution;
- authorizes the institution to contract with a company authorized to engage in the business of insurance in Texas that is not under common control with the institution to:
 - transfer to that company all or a portion of the organization's risks arising from the benefits; or
 - obtain insurance coverage from the company guarantying the institution's obligations arising from the benefits; and
- requires the institution to administer the benefits in a manner that is actuarially sound by:
 - 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
 - maintaining the levels of cash reserves and stop-loss insurance recommended by that actuarial opinion.

S.B. 1409 subjects a health benefit plan offered by a postsecondary educational institution under the bill's provisions to the applicability of statutory provisions relating to the balance billing prohibitions and out-of-network claim dispute resolution for certain plans.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.