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S.B. No. 1409

A BILL TO BE ENTITLED

AN ACT

relating to health benefits offered by postsecondary educational institutions to students and their families.

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

SECTION 1. Section 1275.002, Insurance Code, is amended to read as follows:

Sec. 1275.002. APPLICABILITY OF CHAPTER. This chapter applies only to:

(1) a health benefit plan offered by a nonprofit agricultural organization under Chapter 1682; ~~and~~

(2) a health benefit plan:

(A) that is a self-insured or self-funded plan established by an employer for the benefit of the employer's employees in accordance with the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.); and

(B) for which the plan sponsor has made an election, submitted to the commissioner in the form and manner prescribed by the commissioner, to apply this chapter to the plan for the relevant plan year; and

(3) a health benefit plan offered by a postsecondary educational institution under Chapter 1683.

SECTION 2. Subtitle K, Title 8, Insurance Code, is amended by adding Chapter 1683 to read as follows:

CHAPTER 1683. HEALTH BENEFITS PROVIDED BY CERTAIN POSTSECONDARY

EDUCATIONAL INSTITUTIONS

Sec. 1683.001. DEFINITIONS. In this chapter:

(1) "Higher education health benefits" means health benefits:

(A) sponsored by a postsecondary educational institution;

(B) offered only to:

(i) students enrolled at the postsecondary educational institution; and

(ii) family members of students enrolled at the postsecondary educational institution;

(C) 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 this state; and

(D) that are deemed by the postsecondary educational institution to be important in assisting its students and their families to live long and productive lives.

(2) "Postsecondary educational institution" means an institution of higher education or a private or independent institution of higher education, as those terms are defined by Section 61.003, Education Code.

(3) "Preexisting condition" means a condition present before the effective date of an individual's enrollment in higher education health benefits.

Sec. 1683.002. HIGHER EDUCATION HEALTH BENEFITS AUTHORIZED. A postsecondary educational institution may offer in this state higher education health benefits. A postsecondary

1 educational institution that offers higher education health
2 benefits under this chapter may not require a student to enroll in
3 the benefits.

4 Sec. 1683.003. WAITING PERIOD FOR PREEXISTING CONDITION.
5 Notwithstanding any other provision of this chapter, a
6 postsecondary educational institution that offers higher education
7 health benefits may not require a waiting period of more than six
8 months for treatment of a preexisting condition otherwise included
9 in higher education health benefits.

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

17 (b) An individual must sign and return to the postsecondary
18 educational institution the notice described by Subsection (a)
19 before the individual may enroll in higher education health
20 benefits. The postsecondary educational institution must:

21 (1) maintain a copy of the signed written notice for
22 the duration of the term during which the higher education health
23 benefits are provided to the individual; and

24 (2) at the request of the individual, provide a copy of
25 the written notice to the individual.

26 Sec. 1683.005. POSTSECONDARY EDUCATIONAL INSTITUTION NOT
27 ENGAGED IN BUSINESS OF HEALTH INSURANCE; REGISTRATION REQUIRED.

1 (a) Notwithstanding any other provision of this code, for the
2 purposes of offering higher education health benefits, a
3 postsecondary educational institution that acts in accordance with
4 this chapter is not a health insurer and is not engaging in the
5 business of health insurance in this state.

6 (b) A postsecondary educational institution that offers
7 higher education health benefits must register with the department
8 and provide information as needed to facilitate compliance with
9 Chapter 1467, as applicable to those benefits under Section
10 1275.004.

11 Sec. 1683.006. RISK TRANSFER OR COVERAGE. A postsecondary
12 educational institution that offers higher education health
13 benefits under this chapter may contract with a company authorized
14 to engage in the business of insurance in this state that is not
15 under common control with the postsecondary educational
16 institution to:

17 (1) transfer to that company all or a portion of the
18 organization's risks arising from higher education health benefits
19 offered under this chapter; or

20 (2) obtain insurance coverage from the company
21 guarantying the postsecondary educational institution's
22 obligations arising from higher education health benefits offered
23 under this chapter.

24 Sec. 1683.007. ACTUARIAL SOUNDNESS. (a) A postsecondary
25 educational institution that offers higher education health
26 benefits under this chapter shall administer the benefits in a
27 manner that is actuarially sound.

1 (b) The postsecondary educational institution shall ensure
2 the higher education health benefits offered by the postsecondary
3 educational institution are actuarially sound by:

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

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

13 SECTION 3. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2025.