

## **BILL ANALYSIS**

Senate Research Center  
78R1453 PB-D

H.B. 897  
By: Woolley (Nelson)  
State Affairs  
5/12/2003  
Engrossed

### **DIGEST AND PURPOSE**

In 1993, the 73rd Texas Legislature permitted small employers to join together in private nonprofit health insurance purchasing alliances or small employer health coalitions. Some insurers have cancelled policies with small employer health coalitions because they do not consider a coalition to be a single employer. H.B. 897 clarifies that a small employer health coalition is a single small employer for all purposes under the Insurance Code.

### **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 Article 26.02, Insurance Code, by adding Subdivision (32-a), to define “small employer health coalition.”

SECTION 2. Amends the heading to Subchapter B, Chapter 26, Insurance Code, to read as follows:

#### **SUBCHAPTER B. COALITIONS AND PURCHASING COOPERATIVES**

SECTION 3. Amends Article 26.15, Insurance Code, by amending Subsection (b) and adding Subsection (e), as follows:

(b) Authorizes a cooperative to contract only with small or large employer carriers that demonstrate certain characteristics.

(e) Prohibits a cooperative from limiting, restricting, or conditioning an employer’s or employee’s choice among benefit plans based on health status related factors, duration of coverage, or any similar characteristic related to the health status or experience of a group or of any member of a group.

SECTION 4. Amends Article 26.16(b), Insurance Code, to provide that a small employer health coalition that otherwise meets the description of a small employer is considered a single small employer for all purposes under this code. Makes conforming changes.

SECTION 5. Amends Article 26.21(c), Insurance Code, to remove an exception related to coverage provided through a purchasing cooperative.

SECTION 6. Effective date: September 1, 2003.  
Makes application of this Act prospective to January 1, 2004.