

BILL ANALYSIS

Senate Research Center
78R16629 PB-D

C.S.H.B. 897
By: Woolley (Nelson)
State Affairs
5/19/2003
Committee Report (Substituted)

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. C.S.H.B. 897 clarifies that a small employer health coalition is a single small employer for all purposes under the Insurance Code, and modifies other provisions to ensure that small employers and their employees are not discriminated against based on health status related factors or other characteristics.

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 membership in a cooperative or 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 chapter. Makes conforming changes.

SECTION 5. Amends Articles 26.21(b) and (c), Insurance Code, as follows:

(b) Removes a provision stating that coverage is available under a small employer health benefit plan if at least 75 percent of a small employer’s eligible employees elect to be covered.

(c) Provides that coverage is available under a small employer health benefit plan if at least 75

percent of a small employer's eligible employees, or, if applicable, the lower participation level offered by the small employer carrier under Subsection (d) of this article, elect to be covered.
Removes an exception related to coverage provided through a purchasing cooperative.

SECTION 6. Amends Article 26.72(a), Insurance Code, to prohibit a small employer carrier or agent from, directly or indirectly, encouraging or directing a small employer to become a member or not become a member of a particular small employer health coalition because of the health status or claim experience of the eligible employees and dependents of that small employer.

SECTION 7. Effective date: September 1, 2003.