

BILL ANALYSIS

Senate Research Center

S.B. 1406
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Business & Commerce
6/22/2017
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Federal regulations adopted in 2013 impose specific limitations on the range of actuarial values within which a health benefit plan must fall in order to be compliant with the Affordable Care Act. These arbitrary limitations have no financial or mathematical basis and confine health benefit plans to a very narrow range of actuarial values. This results in plans becoming non-compliant within a couple of years, having to be redesigned and repriced, refiled, and remarketed to small employers. This adds significant expense to the plans and results in confusion by employers who must review and respond to a different plan design and cost year after year. Section 1332 of the Affordable Care Act provides that states may seek waivers from certain regulations such as the actuarial value "de minimis" regulation. S.B. 1406 seeks to request a waiver from these regulations applicable to small employer health benefit plans.

S.B. 1406 amends the Insurance Code to authorize the commissioner of the Texas Department of Insurance to apply to and negotiate with the United States secretary of health and human services to obtain a waiver for small employer health benefit plans of the actuarial value requirements and related levels of health plan coverage requirements under the Affordable Care Act.

S.B. 1406 amends current law relating to the authority of the commissioner of insurance to request a state innovation waiver for certain small group health benefit plans of certain federal actuarial value and level of coverage requirements.

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 Subchapter F, Chapter 1501, Insurance Code, by adding Section 1501.2561, as follows:

Sec. 1501.2561. WAIVER OF CERTAIN FEDERAL REQUIREMENTS. Authorizes the commissioner of insurance to apply to and negotiate with the United States secretary of health and human services to obtain a waiver under 42 U.S.C. Section 18052 for small employer health benefit plans of the actuarial value requirements and related levels of health plan coverage requirements imposed under 42 U.S.C. Section 18022(d)(3).

SECTION 2. Effective date: upon passage or September 1, 2017.