

SUBJECT: Local government risk pool administration

COMMITTEE: Insurance — favorable, without amendment

VOTE: 6 ayes — Smithee, Eiland, Burnam, Olivo, Seaman, Thompson
0 nays
3 absent — G. Lewis, J. Moreno, Wise

WITNESSES: For — Tony Koriath, TML Group Benefits Risk Pool
Against — None

BACKGROUND: The Local Government Code, chapter 172, authorizes political subdivisions or a group of political subdivisions to provide health and accident coverage for officials, employees, and retirees through a risk pool. The pool can be administered by staff employed by the pool, an entity created by the political subdivision(s) participating in the pool, or a third party administrator.

DIGEST: HB 2754 would authorize staff or entities created by political subdivisions to administer more than one pool. The bill would take effect September 1, 1999.

SUPPORTERS SAY: This bill is needed to give clear authorization to political subdivisions or entities created by political subdivisions to administer more than one pool. This would allow them to offer risk pool administration at lower costs to participating counties, cities, and other political subdivisions due to the cost efficiencies found in administering more than one pool.

Other political subdivisions still would retain total control over who they hire or contract with to run their health benefit risk pools, and they would not have to hire an entity created by another political subdivision.

OPPONENTS SAY: The effect of this bill is unclear. It could create unnecessary conflict and competition between political subdivisions, such as between cities and school districts, over risk pool administration contracts.

HB 2754
House Research Organization
page 2

NOTES: The bill originally was sent to the Local and Consent Calendars Committee, then was transferred to the Calendars Committee.