

SUBJECT: Authorizing health benefits offered by nonprofit agricultural organizations

COMMITTEE: Insurance — committee substitute recommended

VOTE: 6 ayes — Oliverson, Vo, Hull, Middleton, Paul, Sanford

3 nays — J. González, Israel, Romero

WITNESSES: For — Benjamin Sanders, Tennessee Farm Bureau Insurance and Farm Bureau Health Plans; Charles Miller, Texas 2036; Si Cook, Texas Farm Bureau; David Balat, Texas Public Policy Foundation; (*Registered, but did not testify*: Jay Thompson, Afact; Carrie Simmons, Opportunity Solutions Project; Beaman Floyd, Texas Coalition for Affordable Insurance Solutions; John Henderson, Torch)

Against — Blake Hutson, AARP Texas; (*Registered, but did not testify*: Patricia Kolodzey, Blue Cross Blue Shield of Texas; Stacey Pogue, Every Texan; Jamie Dudensing, Texas Association of Health Plans; Bill Hammond, Texas Employers for Insurance Reform)

On — (*Registered, but did not testify*: Jenny Blakey, Office of the Public Insurance Counsel)

BACKGROUND: Insurance Code Title 8, subtitle K governs health care sharing ministries, which are faith-based, nonprofit organizations that are tax-exempt under the Internal Revenue Code of 1986 if certain criteria are met. A health care sharing ministry is not considered to be engaging in the business of insurance.

DIGEST: CSHB 3924 would allow a nonprofit agricultural organization or an organization's affiliate to offer nonprofit agricultural organization health benefits in the state. A nonprofit agricultural organization that acted in accordance with the bill's provisions would not be an insurer and would not be engaged in the business of insurance.

**Definitions.** Under the bill, "nonprofit agricultural organization" would

mean an organization that:

- was exempt from taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(5);
- was domiciled in the state;
- was in existence prior to 1940;
- was composed of members who were residents of at least 98 percent of the state's counties;
- collected annual dues from its members; and
- was created to promote and develop the most profitable and desirable system of agriculture and the most wholesome and satisfactory conditions of rural life in accordance with the organization's articles and bylaws.

"Nonprofit agricultural organization health benefits" would include health benefits:

- sponsored by a nonprofit agricultural organization or an affiliate of the organization;
- offered only to the organization's members and members' family members;
- that were not provided through an insurance policy or other product the offering or issuance of which constituted the business of insurance in the state; and
- deemed by the organization to be important in assisting its members to live long and productive lives.

**Disclosure.** The bill would require a nonprofit agricultural organization that offered health benefits to provide to an individual applying for health benefits written notice stating that the organization's provided benefits were not through an insurance policy or other product regulated as the business of insurance.

An individual would have to sign and return the notice to the nonprofit agricultural organization prior to enrolling in the organization's health

benefits. The organization would be required to:

- maintain a copy of the signed written notice for the duration in which health benefits were provided to the individual; and
- upon request, provide a copy of the notice to the individual.

**Other provisions.** The bill would allow a nonprofit agricultural organization offering health benefits to contract with a company authorized to engage in the business of insurance in the state that was not under common control with the organization to:

- transfer to that company all or a portion of the organization's risks arising from the organization's offered health benefits; or
- obtain insurance coverage from the company guarantying the organization's obligations arising from the organization's offered health benefits.

The bill would make conforming changes under current law.

The bill would take effect September 1, 2021.

**SUPPORTERS  
SAY:**

CSHB 3924 would increase access to affordable health care for individuals, especially those in rural communities, by allowing Farm Bureau plans to offer health benefits in Texas. Texans in rural communities have limited choices in the health insurance market and often are forced to go without health coverage due to exorbitant premiums and deductibles.

Five other states already authorize Farm Bureau health plans to operate successfully in providing robust benefits and more affordable options, while helping to decrease the number of uninsured individuals. Exempting these plans from the definition of insurance would allow for advanced coverage options that are not subject to stringent insurance regulations. Farm Bureau health plans are similar to self-funded employer plans in that they have flexibility to design their own coverages. Since the plans authorized under the bill would be self-funded and offered exclusively to

Farm Bureau members, they do not meet the threshold of being considered insurance.

CRITICS  
SAY:

By exempting Farm Bureau health plans from the definition of insurance, CSHB 3924 could decrease consumer protections and increase financial risk in the health insurance market. These unregulated Farm Bureau health plans would not be subject to preexisting condition protections or network adequacy requirements, among other essential consumer protections. It also could produce instability in the market, divide up the individual risk pool, and unnecessarily inflate the cost of insurance for Texans who rely on comprehensive coverage.