BILL ANALYSIS

Senate Research Center

H.B. 3630
By: Thompson (Lucio)
Business & Commerce
5/10/2001
Engrossed

DIGEST AND PURPOSE

A multiple employer welfare arrangement (MEWA) is a not for profit arrangement that allows two or more employers to self-fund their employee benefit plans. Currently, MEWAs are assessed charges for the assigned risk pool. Unlike most insurance companies, a MEWA does not set contributions to make a profit and so the risk pool assessments must be passed directly to employers, thereby making the cost of providing coverage to employees higher. If MEWAs did not have to contribute toward these assessments, the cost of providing coverage to employees might decrease. Currently, MEWAs contribute less than 0.2 percent of the assigned risk pool's assessments, so the effect of the loss of MEWAs' contributions on the risk pool would be negligible. Also, there is some concern that the assessment is actually not allowed because MEWAs are subject to the federal Employee Retirement Income Security Act of 1974. H.B. 3630 removes MEWAs from the list of insurers assessed for the risk pool.

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 Section 2(11), Article 3.77, Insurance Code, to redefine “insurer.”

SECTION 2. Effective date: September 1, 2001.