

BILL ANALYSIS

Senate Research Center
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S.B. 70
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The State of Texas is facing a health crisis. 5.1 million Texas residents are uninsured. The state's uninsured rate is 23.5 percent, making Texas the most uninsured state in the country. In comparison, the national average is 12 percent. The City of El Paso is the most uninsured city in the nation; other cities in Texas with very high percentages of uninsured residents include Houston and Dallas. A comparison of counties shows that 69 percent of Travis County's population has commercial insurance, while only 32 percent of El Paso County's residents are commercially insured.

Employers nationwide are increasingly dropping their workers from the health care coverage. In 2002, the number of U.S. residents insured by their employers dropped by 1.3 million to 61.3 percent of the total population. In 2004, the total percentage of Texans who had employer-based insurance dropped down to 51 percent. More than 75 percent of uninsured are full-time workers and 50 percent live in households earning \$75,000 or more.

Latinos are the fastest growing population in Texas, a high percentage of whom are uninsured, largely due to the low percentage of workers who are insured by their employers - just 43 percent compared with 76 percent for whites. Lack of health insurance among Latinos is also related to income and immigration status. A high poverty level among Latinos makes it less likely that they will have the resources to purchase health care coverage out of pocket. A high number of uninsured in a community translates to heavy burden on local and county hospital districts and health care providers. Because uninsured persons with progressed illnesses resort to seeking emergency medical care, local taxpayers pay the price for the uninsured at much higher cost.

Current law requires state agencies to look at a number of factors in awarding governmental contracts. As proposed, S.B. 70 gives preference in state, county, city, governmental, and universities' purchasing decisions for vendors that provide health benefits to their employees, providing that the goods or services meet their agency specifications regarding quantity and quality, and the cost of the good or service does not substantially exceed the cost of other similar goods or services. In order to protect smaller businesses, a district, state agency, or governmental agency is prohibited from giving preference to a vendor that provides health benefits coverage to its employees over a vendor with 50 or fewer employees that does not provide health benefits coverage to its employees.

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 44.031(b), Education Code, to authorize a district, in determining to whom to award a contract, to consider whether the vendor provides health benefits coverage to employees. Redesignates Subdivision (8) as Subdivision (9) and makes a nonsubstantive change.

SECTION 2. Amends Subchapter B, Chapter 44, Education Code, by adding Section 44.0421, as follows:

Sec. 44.0421. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH BENEFITS COVERAGE.(a) Requires a district procuring goods or services to give preference to goods or services of a vendor that demonstrates that the vendor provides health benefits coverage to the vendor's employees if the goods or services meet district specifications regarding quantity and quality; and the cost of the good or service does not exceed the cost of other similar goods or services that are produced by a vendor that does not demonstrate that the vendor provides health benefits coverage to the vendor's employees.

(b) Prohibits a district from giving preference under Subsection (a) to a vendor that provides health benefits coverage to its employees over a vendor with 50 or fewer employees that does not provide health benefits coverage to its employees.

SECTION 3. Amends Section 2155.074 (b), Government Code, to provide that in determining the best value for the state, the Texas Building and Procurement Commission (commission) or state agency may consider certain relevant factors, including whether the vendor provides health benefits coverage to employees. Redesignates Subdivision (9) as Subdivision (10) and makes a nonsubstantive change.

SECTION 4. Amends Subchapter H, Chapter 2155, Government Code, by adding Section 2155.452, as follows:

Sec. 2155.452. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH BENEFITS COVERAGE. (a) Requires the commission and all state agencies procuring goods or services to give preference to goods or services of a vendor that demonstrates that the vendor provides health benefits coverage to the vendor's employees if the goods or services meet state specifications regarding quantity and quality; and the cost of the good or service does not exceed the cost of other similar goods or services that are produced by a vendor that does not demonstrate that the vendor provides health benefits coverage to the vendor's employees.

(b) Prohibits the commission or state agency from giving preference under Subsection (a) to a vendor that provides health benefits coverage to its employees over a vendor with 50 or fewer employees that does not provide health benefits coverage to its employees.

SECTION 5. Makes application of Section 44.0421, Education Code, and Section 2155.452, Government Code, as added by this Act, prospective.

SECTION 6. Effective date: September 1, 2005.