

BILL ANALYSIS

Senate Research Center

C.S.S.B. 70
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State Affairs
5/9/2005
Committee Report (Substituted)

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The State of Texas is facing a health crisis. 5 million Texas residents are uninsured and the state's uninsured rate of 23.5 percent makes 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 health care coverage for workers. 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 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 can translate 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. C.S.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 that is at least equivalent to a standard health benefit plan offered in accordance with Article 3.80 (Texas Consumer Choice of Benefits Health Insurance Plan Act), Article 20A.09N (Choice of Benefits Plan), or Chapter 1507 (Chapter does not exist), Insurance Code, to each of the vendor's full-time employees and dependents of full-time employees if the vendors meet certain criteria.

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

SECTION 3. Amends Section 51.9335(b), Education Code, to require an institution of higher education, in determining what is the best value to the institution, to consider whether the vendor provides health benefits coverage to employees. Redesignates Subdivision (8) as Subdivision (9) and makes a nonsubstantive change.

SECTION 4. Amends Subchapter Z, Chapter 51, Education Code, by adding Section 51.9336, as follows:

Sec. 51.9336. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH BENEFITS COVERAGE. (a) Defines "institution of higher education."

(b) Requires an institution of higher education procuring goods or services to give preference to goods or services of a vendor that demonstrates that the vendor provides health benefits coverage that is at least equivalent to a standard health benefit plan offered in accordance with Article 3.80 (Texas Consumer Choice of Benefits Health Insurance Plan Act), Article 20A.09N (Choice of Benefits Plan), or Chapter 1507 (Chapter does not exist), Insurance Code, to each of the vendor's full-time employees and dependents of full-time employees if the vendors meet certain criteria.

(c) Prohibits an institution of higher education from giving preference under Subsection (a) to a vendor that provides health benefits coverage to its employees and employee's dependents over a vendor with 50 or fewer employees that does not provide health benefits coverage to its employees and employees' dependents.

SECTION 5. Amends Section 73.115(b), Education Code, to require the University of Texas, M.D. Anderson Cancer Center, in determining what is the best value to the Anderson Center, to consider as provided by Section 51.9336, whether the vendor provides health benefits coverage to employees. Redesignates Subdivision (8) as Subdivision (9) and makes a nonsubstantive change.

SECTION 6. Amends Section 74.008(b), Education Code, to require the University of Texas Medical Branch at Galveston, in determining what is the best value to the institution, to consider as provided by Section 51.9336, whether the vendor provides health benefits coverage to employees. Redesignates Subdivision (8) as Subdivision (9) and makes a nonsubstantive change.

SECTION 7. Amends Section 2155.074 (b), Government Code, authorizes the Texas Building and Procurement Commission (commission) or state agency, in determining the best value for the state, to 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 8. 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 that is at least equivalent to a standard health benefit plan offered in accordance with Article 3.80, Article 20A.09N, or Chapter 1507, Insurance Code, to each of the vendor's full-time employees and dependents of full-time employee's if the vendors meet certain criteria.

(b) Prohibits the commission or a state agency from giving preference under this section 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 and employees' dependents.

SECTION 9. Amends Section 252.043(b), Local Government Code, to authorize a municipality, in determining the best value for the municipality, to consider certain relevant factors, including whether the vendor provides health benefits coverage to employees. Redesignates Subdivision (8) as Subdivision (9) and makes a nonsubstantive change.

SECTION 10. Amends Subchapter C, Chapter 252, Local Government Code, by adding Section 252.0431, as follows:

Sec. 252.0431. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH BENEFITS COVERAGE. (a) Requires a municipality procuring goods or services to give preference to goods or services of a vendor that demonstrates that the vendor provides health benefits coverage that is at least equivalent to a standard health benefit plan offered in accordance with Article 3.80, Article 20A.09N, or Chapter 1507, Insurance Code, to each of the vendor's full-time employees and dependents of full-time employees if the vendors meet certain criteria.

(b) Prohibits a municipality from giving preference under this section to a vendor that provides health benefits coverage to its employees and employees' dependents over a vendor with 50 or fewer employees that does not provide health benefits coverage to its employees and employees' dependents.

SECTION 11. Amends Subchapter C, Chapter 262, Local Government Code, by adding Section 262.0271, as follows:

Sec. 262.0271. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH BENEFITS COVERAGE. (a) Requires the commissioners court of a county procuring goods or services to give preference to goods or services of a vendor that demonstrates that the vendor provides health benefits coverage that is at least equivalent to a standard health benefit plan offered in accordance with Article 3.80, Article 20A.09N, or Chapter 1507, Insurance Code, to each of the vendor's full-time employees and dependents of full-time employees if the vendors meet certain criteria.

(b) Prohibits the commissioners court from giving preference under this section to a vendor that provides health benefits coverage to its employees and employees' dependents over a vendor with 50 or fewer employees that does not provide health benefits coverage to its employees and employee's dependents.

SECTION 12. Amends Subchapter C, Chapter 271, Local Government Code, by adding Section 271.0571, as follows:

Sec. 271.0571. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH BENEFITS COVERAGE. (a) Requires a municipality or county procuring goods or services to give preference to goods or services of a vendor that demonstrates that the vendor provides health benefits coverage that is at least equivalent to a standard health benefit plan offered in accordance with Article 3.80, Article 20A.09N, or Chapter 1507, Insurance Code, to each of the vendor's full-time employees and dependents of full-time employees if the vendors meet certain criteria.

(b) Prohibits a municipality or county from giving preference under this section 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 and employees dependents.

SECTION 13. Amends Section 271.113, Local Government Code, by adding Subsection (c), to authorize a municipality or county, in addition to other considerations under this section, in determining to whom to award a contract, to consider whether the vendor provides health benefits coverage that is at least equivalent to a standard health benefit plan offered in accordance with Article 3.80, Article 20A.09N, or Chapter 1507, Insurance Code, to each of the vendor's full-time employees and dependents of full-time employees.

SECTION 14. Amends Subchapter H, Chapter 271, Local government Code, by adding Section 271.1131, as follows:

Sec. 271.1131. PREFERENCE FOR VENDORS THAT PROVIDE HEALTH BENEFITS COVERAGE. (a) Requires a municipality or county procuring goods or services to give preference to goods or services of a vendor that demonstrates that the vendor provides health benefits coverage that is at least equivalent to a standard health benefit plan offered in accordance with Article 3.80, Article 20A.09N, or Chapter 1507, Insurance Code, to each of the vendor's full-time employees and dependents of full-time employees if the vendors meet certain criteria.

(b) Prohibits a municipality or county from giving preference under this section to a vendor that provides health benefits coverage to its employees and employees' dependents over a vendor with 50 or fewer employees that does not provide health benefits coverage to its employees and employees' dependents.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: September 1, 2005.