

BILL ANALYSIS

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C.S.S.B. 922
By: Watson, Ellis
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many small employers are unable to afford the cost of providing health insurance to their employees. According to the Texas Department of Insurance (TDI), 73 percent of Texas businesses are small employers, and only 37 percent of those small employers offer health insurance. Additionally, a 2004 TDI survey of small employers indicated that their number one reason for not offering health insurance was its high cost. A regional or local health care program specifically aimed at small employers may help to manage health insurance costs and to increase the number of employees of small employers in Texas who receive coverage.

C.S.S.B. 922 authorizes a county or counties, as applicable, to establish a regional or local health care program for employees of small business owners. This bill also establishes funding for such a program by requiring cost sharing by participating employers, employees, and the state, by authorizing the governing body of a program to seek, accept, and use additional funding, and by authorizing the Health and Human Services Commission to establish a grant program toward starting and operating a demonstration project in one or more regions of the state. This bill additionally authorizes a county to design its program in a way that best meets the needs of that county.

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 Subtitle C, Title 2, Health and Safety Code, by adding Chapter 75, as follows:

CHAPTER 75. REGIONAL OR LOCAL HEALTH CARE PROGRAMS FOR EMPLOYEES
OF SMALL EMPLOYERS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 75.001. PURPOSE. Sets forth the purpose of the chapter.

Sec. 75.002. DEFINITIONS. Defines "employee," "governing body," "local health care program," "regional health care program," and "small employer."

[Reserves Sections 75.003-75.050 for expansion.]

SUBCHAPTER B. REGIONAL OR LOCAL HEALTH CARE PROGRAM

Sec. 75.051. ESTABLISHMENT OF PROGRAM; MULTICOUNTY COOPERATION.
(a) Authorizes the commissioners court of a county, by order, to establish or participate in a local health care program (local program) under this subchapter.

(b) Authorizes the commissioners courts of two or more counties, by joint order, to establish or participate in a regional health care program (regional program) under this subchapter.

Sec. 75.052. GOVERNANCE OF PROGRAM. (a) Authorizes a regional program to be operated subject to the direct governance of the commissioners courts of the participating counties. Authorizes a local program to be operated subject to the direct governance of the commissioners court of the participating county. Authorizes a regional or local program to be operated by a joint council, tax-exempt nonprofit entity, or by other certain entities.

(b) Requires the commissioner court or courts, as applicable, to require, to the extent possible, that those other certain entities be authorized under federal law to accept donations on a tax-deductible or otherwise tax-advantaged basis for the contributor.

Sec. 75.053. OPERATION OF PROGRAM. Provides that a regional or local program provides health care services or benefits to the employees of participating small employers located within the boundaries of the participating county or counties, as applicable (small employers). Authorizes a regional or local program to provide services or benefits to the dependents of those employees.

Sec. 75.054. PARTICIPATION BY SMALL EMPLOYERS; SHARE OF COST. Authorizes the governing body of a regional or local program (governing body) to establish criteria for participation in a regional or local program by small employers, the employees of small employers, and their dependents, subject to Section 75.153. Requires the criteria to mandate the payment of a share of the premium or other cost of the regional or local program by the participating employers and employees.

Sec. 75.055. ADDITIONAL FUNDING. (a) Authorizes a governing body to accept and use certain funding from any source to operate the regional or local program and to provide services and benefits under the program.

(b) Authorizes a governing body to apply for and receive funding from the health opportunity pool under Subchapter D.

(b-1) Authorizes a governing body to apply for and receive a grant under Subchapter E to support a regional or local program. Provides that this subsection expires September 1, 2009.

(c) Requires a governing body to actively solicit certain funding to fund services and benefits provided under the regional or local program and to reduce the cost of participation in the regional or local program for small employers and their employees.

[Reserves Sections 75.056-75.100 for expansion.]

SUBCHAPTER C. HEALTH CARE SERVICES AND BENEFITS

Sec. 75.101. ALTERNATIVE PROGRAMS AUTHORIZED; PROGRAM OBJECTIVES. Authorizes a governing body to provide health care services or benefits as described by this subchapter or to develop another type of regional or local program that accomplishes the purpose of this chapter. Sets forth certain required goals and actions under which a regional or local program must be developed to the extent practicable for that regional or local program.

Sec. 75.102. HEALTH BENEFIT PLAN COVERAGE. (a) Authorizes a regional or local program to provide benefits to the employees of small employers by purchasing or facilitating the purchase of health benefit plan coverage (coverage) for those employees from a health benefit plan issuer (issuer), including certain health benefit plans.

(b) Authorizes the governing body to form one or more cooperatives under Subchapter B (Coalitions and Cooperatives), Chapter 1501, Insurance Code.

(c) Authorizes an insurer to issue a group accident and health insurance policy, including a group contract issued by a group hospital service corporation, to cover the employees of small employers participating in a regional or local program, notwithstanding Chapter 1251 (Group and Blanket Health Insurance), Insurance Code. Provides that the group policyholder of said policy is the governing body or the governing body's designee.

(d) Authorizes a health maintenance organization (HMO) to issue a health care plan to cover the employees of small employers. Provides that the group contract holder of said plan is the governing body or the governing body's designee.

Sec. 75.103. OTHER HEALTH BENEFIT PLANS OR PROGRAMS. Authorizes the governing body to establish or facilitate the establishment of self-funded health benefit plans or to facilitate the provision of coverage through health savings accounts or high-deductible health plans to the extent authorized by federal law.

Sec. 75.104. HEALTH CARE SERVICES. (a) Authorizes a regional or local program to contract with health care providers (providers) within the boundaries of the participating county or counties to provide health care services directly to the employees of small employers and the employees' dependents.

(b) Authorizes a governing body that operates a regional or local program under this section to require that participating employees and dependents obtain health care services only from providers under contract with the regional or local program. Authorizes the governing body to limit services provided under the regional or local program to services provided within the boundaries of the participating county or counties.

(c) Provides that a governing body that operates a regional or local program under this section is not an insurer or HMO and that the regional or local program is not subject to regulation by the Texas Department of Insurance.

[Reserves Sections 75.105-75.150 for expansion.]

SUBCHAPTER D. TEXAS HEALTH OPPORTUNITY POOL

Sec. 75.151. DEFINITION. Defines "health opportunity pool."

Sec. 75.152. FUNDING AUTHORIZED. Authorizes a regional or local program to apply for funding from the health opportunity pool (pool) and authorizes the pool to provide funding in accordance with this subchapter, notwithstanding any other law.

Sec. 75.153. ELIGIBILITY FOR POOL FUNDS; STATEWIDE ELIGIBILITY CRITERIA. Requires a regional or local program, to be eligible for funding from money in the pool that is provided subject to a federal waiver, to comply with certain requirements imposed under said waiver.

[Reserves Sections 75.154-75.200 for expansion.]

SUBCHAPTER D. GRANTS FOR DEMONSTRATION PROJECTS

Sec. 75.201. DEFINITIONS. Defines "commission" and "executive commissioner."

Sec. 75.202. GRANT PROGRAM. (a) Authorizes the executive commissioner of the Health and Human Services Commission (HHSC) to establish a grant program to support the initial establishment and operation of one or more regional or local programs as demonstration projects.

(b) Requires the executive commissioner of HHSC (executive commissioner) to consider the extent to which the regional or local program proposed by the applicant accomplishes the purposes of this chapter and meets the objectives established under Section 75.101 in choosing regional or local programs to receive grants. Require the executive commissioner to select at least one grant recipient operating a regional or local program to receive a grant if the executive commissioner establishes a grant program under this subchapter.

(c) Requires HHSC to establish performance objectives for a grant recipient and to monitor the performance of the grant recipient.

Sec. 75.203. REVIEW OF DEMONSTRATION PROJECT; REPORT. Requires HHSC to complete a review of each grant recipient and to submit to certain elected officials a report that includes an evaluation of the success of the regional and local programs in accomplishing the purposes of this subchapter, and HHSC's recommendations for any legislation needed to facilitate or improve the regional or local programs, not later than December 1, 2008.

Sec. 75.204. EXPIRATION. Provides that this subchapter expires September 1, 2009.

SECTION 2. Amends the heading to Subtitle C, Title 2, Health and Safety Code, to read as follows:

SUBTITLE C. PROGRAMS PROVIDING HEALTH CARE BENEFITS AND SERVICES

SECTION 3. Effective date: upon passage or September 1, 2007.