

BILL ANALYSIS

Senate Research Center
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S.B. 2304
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Business & Commerce
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Association health plans (AHPs) offer a way for small businesses and sole proprietors to band together and negotiate better deals when buying health insurance, allowing them to secure meaningful health insurance for their employees comparable to the coverage offered under large employer group plans.

In 2018, the Department of Labor finalized new rules establishing more flexible criteria under the Retirement Income Security Act and making it easier for employers that share a common profession or geographic location to join together and form AHPs.

S.B. 2304 brings state law into harmony with these new federal regulations while preserving existing safeguards in state law for consumers who utilize association health plans.

As proposed, S.B. 2304 amends current law relating to eligibility to establish a multiple employer welfare arrangement.

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 846.053, Insurance Code, by amending Subsections (b) and (c) and adding Subsections (c-1) and (d-1), as follows:

(b) Requires the employers in the multiple employer welfare arrangement to:

(1) creates this subdivision from existing text and makes a nonsubstantive change;
or

(2) each have a principal place of business in the same region that does not exceed the boundaries of this state or the boundaries of a metropolitan statistical area designated by the United States Office of Management and Budget.

(c) Requires an association, if the employers in the multiple employer welfare arrangement are members of the association, to be engaged in substantial activity for its members other than sponsorship of an employee welfare benefit plan. Deletes designations of existing Subdivisions (1) and (2) and existing text requiring an association, if the employers in the multiple employer welfare arrangement are members of the association, to have been in existence for at least two years before engaging in any activities relating to providing employee health benefits to its members.

(c-1) Provides that to determine whether a multiple employer welfare arrangement is considered a large employer, participating employees are counted in the aggregate at the level of the multiple employer welfare arrangement.

(d-1) Authorizes a working owner of a trade or business without employees to qualify both as an employer and as an employee of the trade or industry for the purposes of this section (Eligible Requirements For Initial Certificate of Authority).

SECTION 2. Makes application of Section 846.053, Insurance Code, as amended by this Act, prospective to January 1, 2020.

SECTION 3. Effective date: September 1, 2019.