

BILL ANALYSIS

Senate Research Center

H.B. 3924
By: Oliverson et al. (Springer)
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 3924 aims to emulate health plan programs similar to other Farm Bureau states: Tennessee, Indiana, Iowa, South Dakota, and Kansas. These states offer health plans exclusively for Farm Bureau members and have proven to be affordable and dependable coverage for those facing few choices in the health insurance market. Many Texans, especially those in rural areas, find themselves with very limited health coverage options, sometimes only one or two plans to choose from, and are forced to go without health coverage due to exorbitant deductibles, costs, and very narrow provider choices.

Farm Bureau health plans are a unique, free-market option that many Texans need. Texas has both the highest number and highest percentage of uninsured residents in the nation. It is estimated that more than five million Texans are uninsured, and some of these individuals and families are without health coverage because of the financial burdens and lack of options. H.B. 3924 allows the Texas Farm Bureau to offer quality, affordable health plans to its members.

H.B. 3924 presents an innovative opportunity to provide rural Texans with access to quality affordable health coverage in places where insurance is historically limited. The five states already offering these plans have seen prevalent success, robust benefits, and more affordable options while helping to lower the number of individuals without health coverage.

H.B. 3924 aims to emulate health plan programs similar to other Farm Bureau states. H.B. 3924 allows the Texas Farm Bureau to offer quality affordable health plans to its members. Farm Bureau health plans are health coverage options offered exclusively to members of state farm bureaus. H.B. 3924 exempts these plans from the definition of insurance. Exempting these plans from the definition of insurance allows for advanced coverage options that are not subjected to conventional insurance laws and regulations, including stringent provisions of state and federal law that drive up coverage costs.

H.B. 3924 amends current law relating to health benefits offered by certain nonprofit agricultural organizations.

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 the heading to Subtitle K, Title 8, Insurance Code, to read as follows:

SUBTITLE K. CERTAIN BENEFITS AND ARRANGEMENTS THAT ARE NOT
INSURANCE

SECTION 2. Amends Subtitle K, Title 8, Insurance Code, by adding Chapter 1682, as follows:

CHAPTER 1682. HEALTH BENEFITS PROVIDED BY CERTAIN NONPROFIT
AGRICULTURAL ORGANIZATIONS

Sec. 1682.001. DEFINITIONS. Defines "nonprofit agricultural organization," "nonprofit agricultural organization health benefits," and "preexisting condition."

Sec. 1682.002. NONPROFIT AGRICULTURAL ORGANIZATION HEALTH BENEFITS AUTHORIZED. Authorizes a nonprofit agricultural organization or an affiliate of the organization to offer in this state nonprofit agricultural organization health benefits.

Sec. 1682.003. WAITING PERIOD FOR PREEXISTING CONDITION. Prohibits a nonprofit agricultural organization that offers nonprofit agricultural organization health benefits, notwithstanding any other provision of this chapter, from requiring a waiting period of more than six months for treatment of a preexisting condition otherwise included in nonprofit agricultural organization health benefits.

Sec. 1682.004. REQUIRED DISCLOSURE BY NONPROFIT AGRICULTURAL ORGANIZATION. (a) Requires a nonprofit agricultural organization that offers nonprofit agricultural organization health benefits to provide to an individual applying for nonprofit agricultural organization health benefits written notice that the benefits are not provided through an insurance policy or other product the offering or issuance of which is regulated as the business of insurance in this state.

(b) Requires an individual to sign and return to the nonprofit agricultural organization the notice described by Subsection (a) before the individual is authorized to enroll in nonprofit agricultural organization health benefits. Requires the nonprofit agricultural organization to maintain a copy of the signed written notice for the duration of the term during which the nonprofit agricultural organization health benefits are provided to the individual, and, at the request of the individual, to provide a copy of the written notice to the individual.

Sec. 1682.005. NONPROFIT AGRICULTURAL ORGANIZATION NOT ENGAGED IN BUSINESS OF INSURANCE. Provides that, notwithstanding any other provision of this code, for the purposes of offering nonprofit agricultural organization health benefits, a nonprofit agricultural organization that acts in accordance with this chapter is not an insurer and is not engaging in the business of insurance in this state.

Sec. 1682.006. RISK TRANSFER OR COVERAGE. Authorizes a nonprofit agricultural organization that offers nonprofit agricultural organization health benefits under this chapter to contract with a company authorized to engage in the business of insurance in this state that is not under common control with the nonprofit agricultural organization to:

- (1) transfer to that company all or a portion of the organization's risks arising from nonprofit agricultural organization health benefits offered under this chapter; or
- (2) obtain insurance coverage from the company guarantying the nonprofit agricultural organization's obligations arising from nonprofit agricultural organization health benefits offered under this chapter.

Sec. 1682.007. APPLICABILITY OF CERTAIN LAWS TO NONPROFIT AGRICULTURAL ORGANIZATION HEALTH BENEFITS. Provides that, notwithstanding Section 1682.004, a nonprofit agricultural organization that offers nonprofit agricultural organization health benefits that are determined by the commissioner of insurance to be structured in the manner of a preferred provider benefit plan or an exclusive provider benefit plan, as those terms are defined by Section 1301.001 (Definitions), is subject to certain enumerated laws and rules as if the nonprofit agricultural organization were an insurer, individuals entitled to nonprofit agricultural organization health benefits were insureds, and the nonprofit agricultural organization health benefits were provided through an insurance policy subject to Chapter 1301 (Preferred Provider Benefit Plans).

SECTION 3. Effective date: September 1, 2021.