

BILL ANALYSIS

Senate Research Center
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S.B. 922
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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 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.

As proposed, S.B. 922 authorizes two or more counties to establish a regional health care program for employees of small business owners (program). This bill also establishes funding for the 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 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," "regional health care program," and "small employer."

[Reserves Sections 75.003-75.050 for expansion.]

SUBCHAPTER B. REGIONAL HEALTH CARE PROGRAM

Sec. 75.051. MULTICOUNTY COOPERATION. Authorizes the commissioners courts of two or more counties, by joint order, to establish or participate in a regional health care program (program) under this subchapter.

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

(b) Requires the commissioner courts of the participating counties 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 program provides health care services or benefits to the employees of participating small employers located within the participating counties' boundaries (small employers). Authorizes a 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 program (governing body) to establish criteria for participation in a program by small employers, the employees of small employers, and their dependents. Requires the criteria to mandate the payment of a share of the premium or other cost of the 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 program and to provide services and benefits under the program.

(a-1) Authorizes the governing body to apply for and receive a grant under Subchapter D to support a program. Provides an expiration date of September 1, 2009, for this subsection.

(b) Requires a governing body to actively solicit certain funding to fund services and benefits provided under the program and to reduce the cost of participation in the 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 program that accomplishes the purpose of this chapter. Sets forth certain required goals and actions under which a program must be developed to the extent practicable for that program.

Sec. 75.102. HEALTH BENEFIT PLAN COVERAGE. (a) Authorizes a 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 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 program to contract with health care providers (providers) within the participating counties' boundaries to provide health care services directly to the employees of small employers and the employees' dependents.

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

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

[Reserves Sections 75.105-75.150 for expansion.]

SUBCHAPTER D. GRANTS FOR DEMONSTRATION PROJECTS

Sec. 75.151. DEFINITIONS. Defines "commission" and "executive commissioner."

Sec. 75.152. 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 a program as a demonstration project in one or more regions of this state.

(b) Requires the executive commissioner of HHSC (executive commissioner) to consider the extent to which the program proposed by the applicant accomplishes the purposes of this chapter and meets the objectives established under Section 75.101 in choosing programs to receive grants.

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

Sec. 75.153. REVIEW OF DEMONSTRATION PROJECT; REPORT. Requires HHSC to complete a review of each grant recipient and to submit to certain officials a report that includes an evaluation of the success of the programs in accomplishing the purposes of this subchapter, and HHSC's recommendations for any legislation needed to facilitate or improve the programs, not later than December 1, 2008.

Sec. 75.154. 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.