

BILL ANALYSIS

Senate Research Center
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S.B. 76
By: Nelson
State Affairs
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill is part of S.B. 23, relating to the creation of an office within the Texas Department of Insurance to assist in educating the public about health insurance options (80th Legislature, Regular Session, 2007) that died on House calendar at the end of last session.

There are approximately 1.4 million children in Texas without health insurance. Of the children without health insurance, 89.5 percent live in a household where at least one parent works. Therefore, in order to obtain coverage for their children, an employee must first be enrolled in a health plan offered by an employer. The vast majority of uninsured children in Texas have at least one working parent, but currently a parent has to insure themselves before they can cover their children through employer-sponsored insurance.

As proposed, S.B. 76 authorizes child-only benefit plans and authorizes carriers to offer child-only benefit plans to small employers.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of insurance in SECTION 4 (Section 1501.2525, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1501.002, Insurance Code, by adding Subdivision (1-a) to define "children's health benefit plan" and amending Subdivision (15) to redefine "small employer health benefit plan."

SECTION 2. Amends Section 1501.003, Insurance Code, as follows:

Sec. 1501.003. **APPLICABILITY: SMALL EMPLOYER HEALTH BENEFIT PLANS.**

(a) Creates this subsection from existing text.

(b) Provides that a children's health benefit plan is a small employer benefit plan and, except as specifically provided by Section 1501.2525 (Children's Health Benefit Plan), is subject to Subchapters C-H (regarding small employer health benefit plans; coverage; underwriting and rating; reinsurance; and marketing) in the same manner as any other small employer health benefit plan.

SECTION 3. Amends Section 1501.154(b), Insurance Code, to require that if a small employer offers multiple health benefit plans, the collective participation in those plans, including any children's health benefit plan, be at least 75 percent of the employer's eligible employees, or if applicable, the lower participation level offered by the small employer health benefit plan issuer under Section 1501.155 (Exception to Minimum Participation Requirement).

SECTION 4. Amends Subchapter F, Chapter 1501, Insurance Code, by adding Section 1501.2525, as follows:

Sec. 1501.2525. **CHILDREN'S HEALTH BENEFIT PLAN.** (a) Authorizes a small employer health benefit plan issuer to offer to a small employer a children's health benefit plan in accordance with this section.

(b) Provides that a children's health benefit plan provides coverage to children younger than 25 years of age who are dependents of eligible employees, and whose family income is at or below 400 percent of the federal poverty level as determined by rules adopted by the commissioner of insurance (commissioner).

(c) Prohibits a children's health benefit plan from providing coverage to an eligible employee or the spouse of an eligible employee.

(d) Requires the commissioner by rule to adopt minimum benefits required to be provided under a children's health benefit plan. Provides that this subchapter applies to a children's health benefit plan except to the extent the commissioner by rule determines that a provision of this subchapter is inappropriate as applied to a children's health benefit plan.

SECTION 5. Amends Subchapter B, Chapter 1502, Insurance Code, by adding Section 1502.054, as follows:

Sec. 1502.054. INAPPLICABILITY OF OTHER LAW. Provides that a children's health benefit plan offered under this section is not subject to Section 1501.2525.

SECTION 6. Requires the commissioner to adopt any rules necessary to implement the change in law made by this Act not later than December 1, 2009. Prohibits a small employer health benefit plan issuer from offering a children's health benefit plan under Section 1501.2525, Insurance Code, as added by this Act, before January 1, 2010.

SECTION 7. Effective date: September 1, 2009.