

## **BILL ANALYSIS**

H.B. 2893  
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Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Association health plans, a type of multiple employer welfare arrangement, offer a way for small businesses and sole proprietors to band together and negotiate better deals when buying health insurance, allowing them to secure health insurance for their employees comparable to the coverage offered under large employer group plans. It has been reported that the Department of Labor recently finalized new rules relating to these plans under the Employee Retirement Income Security Act making it easier for employers that share a common profession or geographic location to join together for that purpose. In light of these changes, there are calls to harmonize state law regarding multiple employer welfare arrangements with the new federal regulations. H.B. 2893 seeks to bring state law into harmony with new federal regulations by revising laws relating to eligibility to establish a multiple employer welfare arrangement.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 2893 amends the Insurance Code to add the option for employers in a multiple welfare arrangement to each have a principal place of business in the same region that does not exceed the boundaries of Texas or the boundaries of a metropolitan statistical area designated by the U.S. Office of Management and Budget as an alternative to being members of an association or group of five or more businesses that are in the same trade or industry. The bill removes the requirement for such an 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. The bill authorizes a working owner of a trade or business without employees to qualify as both an employer and as an employee of the trade or industry for the purposes of eligibility requirements for an initial certificate of authority as a multiple employer welfare arrangement. The bill defines "working owner" as an individual who:

- has an ownership right of any nature in a trade or business, whether incorporated or unincorporated, including a partner and other self-employed individual;
- earns wages or self-employment income from the trade or business for providing personal services to the trade or business; and
- either works on average at least 20 hours per week or at least 80 hours per month providing personal services to the working owner's trade or business or has wages or self-employment income from the individual's trade or business that at least equals the

individual's cost of coverage for participation by the individual and any covered beneficiaries in the group health plan sponsored by the group or association in which the individual is participating.

H.B. 2893 applies only to an application for a certificate of authority as a multiple employer welfare arrangement submitted on or after January 1, 2020.

**EFFECTIVE DATE**

September 1, 2019.