

## **BILL ANALYSIS**

C.S.H.B. 3924  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Several other states currently allow their state Farm Bureaus to offer health benefit plans exclusively to Farm Bureau members. These plans have proven to be affordable and dependable coverage for those who may face limited choices in the health insurance market. It has been suggested that such an alternative to conventional insurance would benefit Texans, especially those in rural areas, who find themselves with limited health coverage options. C.S.H.B. 3924 seeks to permit Farm Bureau health benefits to be offered in Texas and to exempt such plans from the definition of insurance for regulatory purposes, since they would be self-funded and offered only to the organization's members.

### **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**

C.S.H.B. 3924 amends the Insurance Code to authorize a nonprofit agricultural organization or an affiliate of the organization to offer nonprofit agricultural organization health benefits in Texas.

C.S.H.B. 3924 requires an organization that offers such benefits to provide written notice to an individual applying for the benefits that the benefits are not provided through an insurance policy or other product whose offering or issuance is regulated as the business of insurance in Texas. The bill requires the following with respect to the notice:

- requires an individual to sign and return the notice to the organization before the individual may enroll in benefits; and
- requires the organization to maintain a copy of the signed notice for the duration of the term during which benefits are provided to the individual and to provide a copy of the notice to the individual at the individual's request.

C.S.H.B. 3924 authorizes an applicable organization to contract with a company authorized to engage in the business of insurance in Texas and not under common control with the organization to transfer to that company all or a portion of the organization's risks arising from the benefits or to obtain insurance coverage guarantying the organization's obligations arising from the benefits. An organization that acts in accordance with the bill's provisions is not an insurer and is not engaging in the business of insurance in Texas.

C.S.H.B. 3924 defines "nonprofit agricultural organization" and "nonprofit agricultural organization health benefits" for the bill's purposes.

### **EFFECTIVE DATE**

September 1, 2021.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3924 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute replaces the term "nonprofit agricultural organization coverage" used in the original with "nonprofit agricultural organization health benefits" and revises the associated definition as follows:

- the original described the coverage as not considered insurance, or subject to the regulatory authority of the Texas Department of Insurance, under statutory provisions governing health insurance or any other provision of Texas law; but
- the substitute describes the benefits as not provided through an insurance policy or other product the offering or issuance of which constitutes the business of insurance in Texas.

The substitute includes an explicit authorization that was not in the original for a nonprofit agricultural organization or its affiliate to offer nonprofit agricultural organization health benefits in Texas.

With regard to the required notification provided to an individual applicant for benefits, the substitute specifies a written notice and that the notice must be signed and returned before the individual may enroll in the benefits, whereas the original required the individual to be notified and to sign a written acknowledgment but did not provide for the notification method or the timing of returning the notice.

The substitute revises a provision of the original establishing that an applicable organization acting in accordance with the bill's provisions is not engaging in the business of insurance by adding the specifications that the organization is not engaging in that business in Texas and is not an insurer and that the provision applies for purposes of the organization's offering of health benefits.

The substitute includes a provision that was not included in the original providing for the transfer of the organization's risk, or the acquisition of insurance coverage for the organization's obligations, arising from the organization's provision of benefits.

The substitute changes the bill's effective date from the original date of January 1, 2022, to September 1, 2021.