(i) the name of the franchisor;
(ii) the name under which the franchisor intends to transact business; and
(iii) the franchisor's principal business address.

SECTION 2. This Act takes effect September 1, 2009.

Passed the Senate on April 23, 2009: Yeas 30, Nays 0; passed the House on May 26, 2009: Yeas 144, Nays 0, one present not voting.
Approved June 19, 2009.
Effective September 1, 2009, except as shown in § 1.

CHAPTER 549

S.B. No. 1712

AN ACT
relating to the authority of the Matagorda County Hospital District of Matagorda County, Texas, to lease property.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 1057.106, Special District Local Laws Code, is amended to read as follows:
Sec. 1057.106. LEASES. (a) The board may lease district property, including facilities or equipment, to individuals, companies, corporations, or other legal entities on terms the board determines further the district’s purposes.
(b) The term of a lease under this section may not exceed 99 years.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

Passed the Senate on April 16, 2009: Yeas 31, Nays 0; passed the House on May 26, 2009: Yeas 147, Nays 0, one present not voting.
Approved June 19, 2009.

CHAPTER 550

S.B. No. 1771

AN ACT
relating to the availability and continuation of certain health benefit plan coverage.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subtitle A, Title 8, Insurance Code, is amended by adding Chapter 1202A to read as follows:

CHAPTER 1202A. TEMPORARY EXTENSION OF ELECTION PERIOD FOR CONTINUATION OF CERTAIN COVERAGE

Sec. 1202A.001. EXTENSION OF ELECTION PERIOD. (a) For the purposes of this section, an “extended election eligible individual” means an employee, member, dependent, or enrollee:
(1) who became eligible for continuation coverage due to involuntary termination, other than involuntary termination for cause, under Subchapter F, Chapter 1251, or Subchapter 1253.
G, Chapter 1271, at any time during the period that begins on September 1, 2008, and ends on February 16, 2009;

(2) who did not elect such coverage or whose elected continuation coverage lapsed or was canceled without reinstatement for a reason other than exhaustion of the maximum period of continuation coverage allowable under law; and

(3) whose involuntary termination on which the eligibility is based occurred during that same period.

(b) Notwithstanding Section 1251.253 or 1271.301, an extended election eligible individual may elect continuation coverage under this section beginning on the effective date of S.B. No. 1771, Acts of the 81st Legislature, Regular Session, 2009, and ending on the 60th day after the date on which the notification required by Subsection (e) is provided to the individual.

(c) The period of continuation coverage for an extended election eligible individual who elects continuation coverage begins with the first period of coverage beginning on or after the effective date of S.B. No. 1771, Acts of the 81st Legislature, Regular Session, 2009, and does not extend beyond the date the period of continuation coverage would have ended if the coverage had been elected during the election period required under the law as it existed before the effective date of S.B. No. 1771, Acts of the 81st Legislature, Regular Session, 2009.

(d) With respect to an individual who elects continuation coverage under Subsection (b), the period beginning on the date the individual first became eligible for continuation coverage and ending on the first day of the 60-day election period described by Subsection (b) shall be disregarded for purposes of determining a 63-day period referred to in 29 U.S.C. Section 1181(c)(2), 42 U.S.C. Section 300gg(c)(2), 26 U.S.C. Section 9801(c)(2), and Sections 846.202(d), 1501.102, and 1506.001(8).

(e) Not later than the 60th day after the effective date of S.B. No. 1771, Acts of the 81st Legislature, Regular Session, 2009, an employer or group policy or contract holder shall provide notice to any former employee, member, dependent, or enrollee who is an extended election eligible individual that includes:

(1) a description of the extended election period available to the individual under this section;

(2) a description, displayed in a prominent manner, of the individual's right to a reduced premium and any conditions on entitlement to the reduced premium under the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5);

(3) a form that allows the individual to request treatment as an assistance eligible individual, as defined by the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5), to whom the premium subsidy would apply;

(4) the amount continuation coverage will cost and the period of coverage available;

(5) an election form that includes the return address and the due date for making the election; and

(6) notice that if the individual is entitled to the reduced premium and later becomes eligible for other group health plan coverage or Medicare, the individual must notify the employer in writing or the individual may be subject to a tax penalty.

Sec. 1202A.002. EXPIRATION OF CHAPTER. This chapter expires September 1, 2013.

SECTION 2. Section 1251.253, Insurance Code, is amended to read as follows:

Sec. 1251.253. REQUEST FOR CONTINUATION OF GROUP COVERAGE. An employee, member, or dependent must provide to the employer or group policyholder a written request for continuation of group coverage not later than the 60th (31st) day after the later of:

(1) the date the group coverage would otherwise terminate; or

(2) the date the individual is given, in a format prescribed by the commissioner, notice by either the employer or the group policyholder of the right to continuation of group coverage.

SECTION 3. Section 1251.254, Insurance Code, is amended to read as follows:

1254
Sec. 1251.254. PAYMENT OF CONTRIBUTIONS. Except as provided by this section, an employee, member, or dependent who elects to continue group coverage under this subchapter must pay to the employer or group policyholder, each month in advance, the amount of contribution required by the employer or policyholder, plus two percent of the group rate for the coverage being continued under the group policy. A payment under this section must be made not later than the 45th day after the date of the initial election for coverage and on the due date of each payment thereafter. Following the first payment made after the initial election for coverage, the payment of any other premium shall be considered timely if made on or before the 30th day after the date on which the payment is due.

(b) The employee’s, member’s, or dependent’s written election for continuation of group coverage, together with the first contribution required to establish advance monthly contributions, must be given to the employer or policyholder not later than the later of:

(1) the 31st day after the date coverage would otherwise terminate; or
(2) the date the individual is given notice by either the employer or the group policyholder of the right to continuation of group coverage.

SECTION 4. Section 1251.255, Insurance Code, is amended to read as follows:

Sec. 1251.255. TERMINATION OF CONTINUED COVERAGE. (a) Group coverage continued under this subchapter may not terminate until the earliest of:

(1) the date the maximum continuation period provided by law would end, which is:
   (A) for any employee, member, or dependent not eligible for continuation coverage under Title X, Consolidated Omnibus Budget Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.) (COBRA), nine months after the date the employee, member, or dependent elects to continue the group coverage; or
   (B) for any employee, member, or dependent eligible for continuation coverage under COBRA, six additional months following any period of continuation coverage provided under COBRA;
(2) the date failure to make timely payments would terminate the group coverage;
(3) the date the group coverage terminates in its entirety;
(4) the date the insured is or could be covered under Medicare;
(5) the date the insured is covered for similar benefits by another plan or program, including:
   (A) a hospital, surgical, medical, or major medical expense insurance policy;
   (B) a hospital or medical service subscriber contract; or
   (C) a medical practice or other prepayment plan;
(6) the date the insured is eligible for similar benefits, whether or not covered for those benefits, under any arrangement of coverage for individuals in a group, whether on an insured or uninsured basis; or
(7) the date similar benefits are provided or available to the insured under any state or federal law other than continuation coverage under Title X, Consolidated Omnibus Budget Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.) (COBRA).

(b) Not later than the 30th day before the end of the continuation period described by Subsection (a)(1) that is applicable to the individual six months after the date the employee, member, or dependent elects to continue group coverage under the policy, the insurer shall:

(1) notify the individual that the individual may be eligible for coverage under the Texas Health Insurance Risk Pool as provided by Chapter 1506; and
(2) provide to the individual the address for applying to that pool.

SECTION 5. Section 1271.302, Insurance Code, is amended to read as follows:

Sec. 1271.302. REQUEST FOR CONTINUED COVERAGE; DEADLINE. An enrollee must provide to the employer or group contract holder a written notice of election to continue group coverage under this subchapter and pay the first contribution required to
Ch. 550, § 5 81st LEGISLATURE—REGULAR SESSION

establish contributions on an advance monthly basis to the employer or group contract holder] not later than the 60th [31st] day after the later of:

(1) the date the group coverage would otherwise terminate; or

(2) the date the enrollee is given notice of the right of continuation by the employer or group contract holder.

SECTION 6. Subsection (b), Section 1271.303, Insurance Code, is amended to read as follows:

(b) The enrollee must make the payment not later than the 45th day after the initial election for coverage and on the due date of each payment thereafter. Following the first payment made after the initial election for coverage, the payment of any other premium shall be considered timely if made by the 30th day after the date on which payment is due [in advance on a monthly basis on the due date of each payment].

SECTION 7. Section 1271.304, Insurance Code, is amended to read as follows:

Sec. 1271.304. TERMINATION OF CONTINUED COVERAGE. Group continued coverage under this subchapter may not terminate until the earliest of:

(1) the date the maximum continuation period provided by law would end, which is:
   (A) for any enrollee not eligible for continuation coverage under Title X, Consolidated Omnibus Budget Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.) (COBRA), the end of the nine-month [six-month] period after the date the election to continue coverage is made; or
   (B) for any enrollee eligible for continuation coverage under COBRA, six additional months following any period of continuation provided under that statute;

(2) the date on which failure to make timely payments terminates coverage;

(3) the date on which the enrollee is covered for similar services and benefits by any other plan or program, including a hospital, surgical, medical, or major medical expense insurance policy, hospital or medical service subscriber contract, or medical practice or other prepayment plan; or

(4) the date on which the group coverage terminates in its entirety.

SECTION 8. Subsection (a), Section 1271.305, Insurance Code, is amended to read as follows:

(a) At least 30 days before the end of the continuation [six-month] period described by Section 1271.304(1) that is applicable to the enrollee [after the date an enrollee elects to continue group coverage], the health maintenance organization shall notify the enrollee that the enrollee may be eligible for coverage under the Texas Health Insurance Risk Pool as provided by Chapter 1506.

SECTION 9. Section 1506.153, Insurance Code, is amended by adding Subsections (c) and (d) to read as follows:

(c) An individual eligible for benefits from the continuation of coverage under Subchapter F or G, Chapter 1251, or Subchapter G, Chapter 1271, who did not elect continuation coverage during the election period, or whose elected continuation coverage lapsed or was canceled without reinstatement, is eligible for pool coverage. Eligibility under this subsection is subject to a 180-day exclusion of coverage under Section 1506.155(a-1).

(d) The 180-day exclusion of coverage provided under Subsection (c) does not apply to an individual eligible for benefits from the continuation of coverage under Subchapter F or G, Chapter 1251, or Subchapter G, Chapter 1271, who did not elect continuation coverage during the election period, or whose elected continuation coverage lapsed or was canceled without reinstatement, following a period of continuation coverage under Title X, Consolidated Omnibus Budget Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.) (COBRA).

SECTION 10. Subsection (a-1), Section 1506.155, Insurance Code, is amended to read as follows:

(a-1) Except as provided by Section 1506.056, pool coverage for an individual eligible pursuant to Section 1506.153(b) or (c) excludes charges or expenses incurred before the
expiration of 180 days from the effective date of coverage with regard to any condition for which:

(1) the existence of symptoms would cause an ordinarily prudent person to seek diagnosis, care, or treatment within the six-month period preceding the effective date of coverage; or

(2) medical advice, care, or treatment was recommended or received during the six-month period preceding the effective date of coverage.

SECTION 11. (a) Sections 1251.253 and 1271.302, Insurance Code, as amended by this Act, apply only to:

(1) a request for continuation of group coverage that an employee, member, dependent, or enrollee becomes eligible to make on or after the effective date of this Act; or

(2) a request for continuation of group coverage that an employee, member, dependent, or enrollee became eligible to make before the effective date of this Act, provided that the election period available to the employee, member, dependent, or enrollee under Section 1251.253 or 1271.302, Insurance Code, as those sections existed before amendment by this Act, has not expired as of the effective date of this Act.

(b) A request for continuation of group coverage that an employee, member, dependent, or enrollee became eligible to make before the effective date of this Act and that, on the effective date of this Act, the employee, member, dependent, or enrollee is no longer eligible to make, is governed by the law as it existed before the effective date of this Act, and that law is continued in effect for that purpose. This subsection does not apply to an employee, member, dependent, or enrollee who is an extended election eligible individual to whom Chapter 1202A, Insurance Code, as added by this Act, applies.

SECTION 12. Sections 1251.254 and 1271.303, Insurance Code, as amended by this Act, apply only to a payment for continuation coverage required to be made on or after the effective date of this Act. A payment for continuation coverage required to be made before the effective date of this Act is governed by the law as it existed before that date, and that law is continued in effect for that purpose.

SECTION 13. Sections 1251.255 and 1271.304, Insurance Code, as amended by this Act, apply to coverage for which an election to continue was made on or after the effective date of this Act.

SECTION 14. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2009.

Passed the Senate on April 14, 2009: Yeas 30, Nays 0; passed the House on May 26, 2009: Yeas 144, Nays 0, one present not voting.

Approved June 19, 2009.