

BILL ANALYSIS

Senate Research Center
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S.B. 1771
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Businesses with 20 or more full-time employees offer COBRA continuation coverage, allowing workers and their dependents the option to retain coverage under the company's health insurance for 18 months and 36 months, respectively. These individuals are required to pay the entire cost of the premium plus an administrative fee. For businesses with fewer than 20 full-time employees, Texas offers a state continuation coverage, similar to COBRA, for six months.

The American Recovery and Reinvestment Act of 2009 provides for a 65 percent premium assistance program for COBRA and state continuation coverage programs. Because Texas' state continuation coverage is only for six months, as opposed to 18-month COBRA coverage, former employees of businesses with fewer than 20 full-time employees are unable to access health insurance coverage and the federal premium assistance program for an equal period of time.

As proposed, S.B. 1771 amends the Insurance Code to align the state continuation coverage time periods to match that of COBRA continuation coverage by extending state continuation coverage from six months to 18 months.

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 Section 1251.253, Insurance Code, as follows:

Sec. 1251.253. **REQUEST FOR CONTINUATION OF GROUP COVERAGE.** Requires an employee, member, or dependent to request in writing the continuation of group coverage not later than the 60th day, rather than the 31st day, after the later of certain dates.

SECTION 2. Amends Section 1251.254, Insurance Code, as follows:

Sec. 1251.254. **PAYMENT OF CONTRIBUTIONS.** (a) Requires an employee, member, or dependent who elects to continue group coverage under this subchapter, except as provided by this section, to pay to the employer or group policyholder each month, rather than 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 on the due date of each payment. Requires that a payment under this subsection be made not later than the 30th day after the date on which the payment is due. Makes nonsubstantive changes.

(b) Deletes existing text requiring that the employee's, member's, or dependent's written election for continuation of group coverage establish advance monthly contributions.

SECTION 3. Amends Section 1251.255, Insurance Code, as follows:

Sec. 1251.255. **TERMINATION OF CONTINUED COVERAGE.** (a) Prohibits group coverage continued under this subchapter from terminating until the earliest of certain

dates, including 18, rather than six, months after the date the employee, member, or dependent elects to continue the group coverage. Makes a conforming change.

SECTION 4. Amends Section 1506.153, Insurance Code, by adding Subsection (c), as follows:

(c) Provides that an individual eligible for benefits from the continuation of coverage under Subchapter F (Continuation or Conversion Privilege on Termination of Coverage Under Group Policy) or G (Continuation of Group Coverage for Certain Family Members and Dependents), Chapter 1251 (Group and Blanket Health Insurance), who did not elect continuation of coverage during the election period, or whose elected continuation of coverage lapsed or was canceled without reinstatement, is eligible for pool coverage. Provides that eligibility under this subsection is subject to a 180-day exclusion of coverage under Section 1506.155(a-1).

SECTION 5. Amends Section 1506.155(a-1), Insurance Code, as follows:

(a-1) Provides that pool coverage for an individual eligible pursuant to Section 1506.153(b) (relating to the eligibility for pool coverage of certain individuals) or (c), except as provided by Section 1506.056 (Adjustments), excludes charges or expenses incurred before the expiration of 180 days from the effective date of coverage with regard to certain conditions.

SECTION 6. (a) Provides that Section 1251.253, Insurance Code, as amended by this Act, applies only to:

(1) a request for continuation of group coverage that an employee, member, or dependent 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, or dependent became eligible to make before the effective date of this Act; and on the effective date of this Act, the employee, member, or dependent would have remained eligible to make under Section 1251.253, Insurance Code, as it existed before amendment by this Act.

(b) Provides that a request for continuation of group coverage that an employee, member, or dependent became eligible to make before the effective date of this Act and that, on the effective date of this Act, the employee, member, or dependent 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.

SECTION 7. Makes application of Section 1251.254, as amended by this Act, prospective.

SECTION 8. Provides that Section 1251.255, Insurance Code, as amended by this Act, applies to coverage for which an election to continue was made on or after September 1, 2008, that is in effect on the effective date of this Act.

SECTION 9. Effective date: upon passage or September 1, 2009.