

## **BILL ANALYSIS**

Senate Research Center  
87R5802 RDS-F

S.B. 1471  
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Business & Commerce  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Association health plans (AHPs) offer a way for small businesses and sole proprietors to band together and negotiate better deals when buying health insurance, allowing them to secure meaningful health insurance for their employees comparable to the coverage offered under large employer group plans.

In 2018, the United States Department of Labor finalized new rules establishing more flexible criteria under the Employee Retirement Income Security Act and making it easier for employers that share a common profession or geographic location to join together and form AHPs.

S.B. 1471 brings state law into harmony with these new federal regulations while preserving existing safeguards in state law for consumers who utilize association health plans.

As proposed, S.B. 1471 amends current law relating to eligibility to establish a multiple employer welfare arrangement.

### **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 846.053, Insurance Code, by amending Subsections (b) and (c) and adding Subsections (c-1) and (d-1), as follows:

(b) Requires the employers in the multiple employer welfare arrangement to meet certain criteria, or each have a principal place of business in the same region that does not exceed the boundaries of this state or the boundaries of a metropolitan statistical area designated by the United States Office of Management and Budget.

(c) Deletes existing text requiring the association, if the employers in the multiple employer welfare arrangement are members of 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.

(c-1) Provides that, to determine whether a multiple employer welfare arrangement is considered a large employer, participating employees are counted in the aggregate at the level of the multiple employer welfare arrangement.

(d-1) Authorizes a working owner of a trade or business without employees to qualify both as an employer and as an employee of the trade or industry for the purposes of Section 846.053 (Eligibility Requirements for Initial Certificate of Authority).

SECTION 2. Makes application of Section 846.053, Insurance Code, as amended by this Act, prospective to January 1, 2022.

SECTION 3. Effective date: September 1, 2021.