

BILL ANALYSIS

Senate Research Center

S.B. 1973
By: Springer
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Background:

S.B. 1973 aims to emulate health plan programs similar to other Farm Bureau states: Tennessee, Indiana, Iowa, South Dakota, and Kansas. These states offer health plans exclusively for Farm Bureau members and have proven to be affordable and dependable coverage for those facing few choices in the health insurance market. Many Texans, especially those in rural areas, find themselves with very limited health coverage options, sometimes only one or two plans to choose from, and are forced to go without health coverage due to exorbitant deductibles, costs, and very narrow provider choices.

Farm Bureau health plans are a unique, free-market option that many Texans need. Texas has both the highest number and highest percentage of uninsured residents in the nation. It is estimated that more than five million Texans are uninsured, and some of these individuals and families are without health coverage because of the financial burdens and lack of options. S.B. 1973 allows the Texas Farm Bureau to offer quality, affordable health plans to its members.

S.B. 1973 presents an innovative opportunity to provide rural Texans with access to quality affordable health coverage in places where insurance is historically limited. The five states already offering these plans have seen prevalent success, robust benefits, and more affordable options while helping to lower the number of individuals without health coverage.

Bill Summary:

S.B. 1973 aims to emulate health plan programs similar to other Farm Bureau states. Farm Bureau health plans are a unique, free-market option that many Texans need. S.B. 1973 allows the Texas Farm Bureau to offer quality affordable health plans to its members. Farm Bureau health plans are health coverage options offered exclusively to members of state farm bureaus. S.B. 1973 exempts these plans from the definition of insurance. Exempting these plans from the definition of insurance allows for advanced coverage options that are not subjected to conventional insurance laws and regulations, including stringent provisions of state and federal law that drive up coverage costs.

As proposed, S.B. 1973 amends current law relating to the operation of and coverage by a nonprofit agricultural organization.

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 Title 8, Insurance Code, by adding Subtitle N, as follows:

SUBTITLE N. NONPROFIT AGRICULTURAL ORGANIZATION COVERAGE

CHAPTER 1699. NONPROFIT AGRICULTURAL ORGANIZATION COVERAGE

Sec. 1699.001. DEFINITION OF NONPROFIT AGRICULTURAL ORGANIZATION. Defines "nonprofit agricultural organization."

Sec. 1699.002. NONPROFIT AGRICULTURAL ORGANIZATION COVERAGE. Defines "nonprofit agricultural organization coverage."

Sec. 1699.003. ACKNOWLEDGEMENT. (a) Requires that an individual applying for nonprofit agricultural organization coverage under this chapter be notified by the nonprofit agricultural organization and acknowledge that the nonprofit agricultural organization coverage is not considered insurance and is not subject to the administrative rules of the Texas Department of Insurance.

(b) Requires that the acknowledgement required by subsection (a) be in writing and signed by the individual. Requires the nonprofit agricultural organization to keep a copy of the written acknowledgement for the duration of the contract under which the individual is provided coverage under this chapter, and to provide a copy of the acknowledgment to the individual at the individual's request.

Sec. 1681.004. EXEMPTION. Provides that, notwithstanding any other provision of this code, a nonprofit agricultural organization that acts in accordance with this chapter is not considered to be engaging in the business of insurance.

SECTION 2. Effective date: January 1, 2022.