

02  
05

AN ACT

1  
2 relating to changing the Texas Health Insurance Risk Pool to the  
3 Texas Health Insurance Pool, and to the operation of that pool.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. The heading to Chapter 1506, Insurance Code, is  
6 amended to read as follows:

7 CHAPTER 1506. TEXAS HEALTH INSURANCE [~~RISK~~] POOL

8 SECTION 2. Subdivision (7), Section 1506.001, Insurance  
9 Code, is amended to read as follows:

10 (7) "Pool" means the Texas Health Insurance [~~Risk~~]  
11 Pool.

12 SECTION 3. Subchapter A, Chapter 1506, Insurance Code, is  
13 amended by adding Section 1506.010 to read as follows:

14 Sec. 1506.010. REDESIGNATION. Effective September 1, 2009,  
15 the Texas Health Insurance Risk Pool is redesignated the Texas  
16 Health Insurance Pool. A reference in any law to the Texas Health  
17 Insurance Risk Pool means the Texas Health Insurance Pool.

18 SECTION 4. Section 1506.152, Insurance Code, is amended by  
19 amending Subsections (b) and (c) and adding Subsection (f) to read  
20 as follows:

21 (b) Subject to Subsection (f), each [~~Each~~] dependent of an  
22 individual who is eligible for coverage from the pool is also  
23 eligible for coverage from the pool.

24 (c) Subject to Subsection (f), if [~~If~~] an individual who

1 obtains coverage from the pool under Subsection (a) is a child, each  
2 parent, grandparent, brother, sister, or child of that individual  
3 who resides with that individual is also eligible for coverage from  
4 the pool.

5 (f) A dependent or individual described by Subsection (c)  
6 who is not a federally defined eligible individual and who has not  
7 experienced a significant break in coverage may not obtain coverage  
8 from the pool before the first date on which the dependent or  
9 individual has been:

10 (1) a legally domiciled resident of this state for at  
11 least the 30 days preceding the date of the application for coverage  
12 from the pool; and

13 (2) a citizen or permanent resident of the United  
14 States for at least three continuous years.

15 SECTION 5. Section 1506.153, Insurance Code, as amended by  
16 Chapters 808 (S.B. 1254), 881 (H.B. 1977), and 1070 (H.B. 2548),  
17 Acts of the 80th Legislature, Regular Session, 2007, is reenacted  
18 and amended to read as follows:

19 Sec. 1506.153. INELIGIBILITY FOR COVERAGE. (a) Notwithstanding  
20 Section 1506.152 [~~Section 1506.152(a)-(c)~~], an individual is not  
21 eligible for coverage from the pool if:

22 (1) on the date pool coverage is to take effect, the  
23 individual has health benefit plan coverage from a health benefit  
24 plan issuer or health benefit arrangement in effect, except as  
25 provided by Section 1506.152(a)(3)(E);

26 (2) at the time the individual applies to the pool,  
27 except as provided in Subsection (b), the individual is eligible

S.B. No. 1403

1 for other health care benefits, including an offer of benefits from  
2 the continuation of coverage under Title X, Consolidated Omnibus  
3 Budget Reconciliation Act of 1985 (29 U.S.C. Section 1161 et  
4 seq.) [~~as amended~~] (COBRA), other than:

5 (A) coverage, including COBRA or other  
6 continuation coverage or conversion coverage, maintained for any  
7 preexisting condition waiting period under a pool policy or during  
8 any preexisting condition waiting period or other waiting period of  
9 the other coverage;

10 (B) employer group coverage conditioned by a  
11 limitation of the kind described by Section 1506.152(a)(3)(A) or  
12 (C); or

13 (C) individual coverage conditioned by a  
14 limitation described by Section 1506.152(a)(3)(C) or (D);

15 (3) within 12 months before the date the individual  
16 applies to the pool, the individual terminated coverage in the  
17 pool, unless the individual:

18 (A) demonstrates a good faith reason for the  
19 termination; or

20 (B) is a federally defined eligible individual;

21 (4) the individual is confined in a county jail or  
22 imprisoned in a state or federal prison;

23 (5) any of the individual's premiums are paid for or  
24 reimbursed under a government-sponsored program or by a government  
25 agency or health care provider; .

26 (6) the individual's prior coverage with the pool was  
27 terminated:

1 (A) during the 12-month period preceding the date  
2 of application for nonpayment of premiums; or

3 (B) for fraud; or

4 (7) the individual is eligible for health benefit plan  
5 coverage provided in connection with a policy, plan, or program  
6 paid for or sponsored by an employer, even though the employer  
7 coverage is declined. This subdivision does not apply to an  
8 individual who is a part-time employee or a part-time employee's  
9 dependent eligible to participate in an employer plan that provides  
10 health benefit coverage:

11 (A) that is more limited or restricted than  
12 coverage with the pool; and

13 (B) for which there is no employer contribution  
14 to the premium, either directly or indirectly.

15 (b) An individual eligible for benefits from the  
16 continuation of coverage under Title X, Consolidated Omnibus Budget  
17 Reconciliation Act of 1985 (29 U.S.C. Section 1161 et seq.) [~~as~~  
18 ~~amended~~] (COBRA), or a comparable federal or state employee  
19 coverage continuation program, who did not elect continuation of  
20 coverage during the election period, or whose elected continuation  
21 of coverage lapsed or was cancelled without reinstatement, is  
22 eligible for pool coverage. Eligibility under this subsection is  
23 subject to a minimum 180-day exclusion of coverage under Section  
24 1506.155(a-1).

25 SECTION 6. Section 1506.155, Insurance Code, is amended by  
26 amending Subsection (a-1) and adding Subsection (c-1) to read as  
27 follows:

je  
p. 5

S.B. No. 1403

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

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

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

13 (c-1) If an individual eligible under Section 1506.153(b)  
14 was covered by creditable coverage at any time during the 12-month  
15 period immediately preceding the effective date of the individual's  
16 coverage under the pool, the pool shall subtract from the exclusion  
17 period required under Subsection (a-1) up to 180 days of:

18 (1) the period during which the individual was  
19 covered under the creditable coverage; and

20 (2) any waiting period that applied before the  
21 creditable coverage became effective.

22 SECTION 7. Subsection (b), Section 1506.2523, Insurance  
23 Code, is amended to read as follows:

24 (b) For purposes of this section, gross health benefit plan  
25 premiums do not include premiums collected for:

26 (1) coverage under a Medicare supplement benefit plan  
27 subject to Chapter 1652;

DS  
28

S.B. No. 1403

1           (2) coverage under a small employer health benefit  
2 plan subject to Subchapters A-H, Chapter 1501; or

3           (3) coverage or insurance listed in Section  
4 1506.002(b), (c), or (d).

5           SECTION 8. This Act applies only to an application for  
6 initial or renewal coverage through the Texas Health Insurance Risk  
7 Pool under Chapter 1506, Insurance Code, as amended by this Act,  
8 that is filed with the pool on or after January 1, 2010. An  
9 application filed before that date is governed by the law in effect  
10 on the date on which the application was filed, and the former law  
11 is continued in effect for that purpose.

12           SECTION 9. This Act takes effect September 1, 2009.

S.B. No. 1403

David Newhall  
President of the Senate

Jim Strawn  
Speaker of the House

I hereby certify that S.B. No. 1403 passed the Senate on April 9, 2009, by the following vote: Yeas 31, Nays 0.

Patricia Spaw  
Secretary of the Senate

I hereby certify that S.B. No. 1403 passed the House on May 26, 2009, by the following vote: Yeas 144, Nays 0, one present not voting.

Robert Haney  
Chief Clerk of the House

Approved:

19 JUN '09  
Date

RICK PERRY  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE

2 PM O'CLOCK

JUN 19 2009

Colby Shuter III