

1-1 By: Parker S.B. No. 1409
1-2 (In the Senate - Filed February 19, 2025; March 6, 2025,
1-3 read first time and referred to Committee on Education K-16;
1-4 April 10, 2025, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 10, 2025,
1-6 sent to printer.)

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|------|--------------------|-----|-----|--------|-----|
| 1-7 | COMMITTEE VOTE | | | | |
| 1-8 | | Yea | Nay | Absent | PNV |
| 1-9 | Creighton | | | X | |
| 1-10 | Campbell | X | | | |
| 1-11 | Bettencourt | X | | | |
| 1-12 | Hagenbuch | X | | | |
| 1-13 | Hinojosa of Nueces | X | | | |
| 1-14 | King | | | X | |
| 1-15 | Menéndez | X | | | |
| 1-16 | Middleton | X | | | |
| 1-17 | Parker | X | | | |
| 1-18 | Paxton | X | | | |
| 1-19 | West | X | | | |

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 1409 By: Paxton

1-21 A BILL TO BE ENTITLED
1-22 AN ACT

1-23 relating to health benefits offered by postsecondary educational
1-24 institutions to students and their families.

1-25 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-26 SECTION 1. Section 1275.002, Insurance Code, is amended to
1-27 read as follows:

1-28 Sec. 1275.002. APPLICABILITY OF CHAPTER. This chapter
1-29 applies only to:

1-30 (1) a health benefit plan offered by a nonprofit
1-31 agricultural organization under Chapter 1682; ~~and~~

1-32 (2) a health benefit plan:

1-33 (A) that is a self-insured or self-funded plan
1-34 established by an employer for the benefit of the employer's
1-35 employees in accordance with the Employee Retirement Income
1-36 Security Act of 1974 (29 U.S.C. Section 1001 et seq.); and

1-37 (B) for which the plan sponsor has made an
1-38 election, submitted to the commissioner in the form and manner
1-39 prescribed by the commissioner, to apply this chapter to the plan
1-40 for the relevant plan year; and

1-41 (3) a health benefit plan offered by a postsecondary
1-42 educational institution under Chapter 1683.

1-43 SECTION 2. Subtitle K, Title 8, Insurance Code, is amended
1-44 by adding Chapter 1683 to read as follows:

1-45 CHAPTER 1683. HEALTH BENEFITS PROVIDED BY CERTAIN POSTSECONDARY
1-46 EDUCATIONAL INSTITUTIONS

1-47 Sec. 1683.001. DEFINITIONS. In this chapter:

1-48 (1) "Higher education health benefits" means health
1-49 benefits:

1-50 (A) sponsored by a postsecondary educational
1-51 institution;

1-52 (B) offered only to:

1-53 (i) students enrolled at the postsecondary
1-54 educational institution; and

1-55 (ii) family members of students enrolled at
1-56 the postsecondary educational institution;

1-57 (C) that are not provided through an insurance
1-58 policy or other product the offering or issuance of which is
1-59 regulated as the business of insurance in this state; and

1-60 (D) that are deemed by the postsecondary

educational institution to be important in assisting its students and their families to live long and productive lives.

(2) "Postsecondary educational institution" means an institution of higher education or a private or independent institution of higher education, as those terms are defined by Section 61.003, Education Code.

(3) "Preexisting condition" means a condition present before the effective date of an individual's enrollment in higher education health benefits.

Sec. 1683.002. HIGHER EDUCATION HEALTH BENEFITS AUTHORIZED. A postsecondary educational institution may offer in this state higher education health benefits. A postsecondary educational institution that offers higher education health benefits under this chapter may not require a student to enroll in the benefits.

Sec. 1683.003. WAITING PERIOD FOR PREEXISTING CONDITION. Notwithstanding any other provision of this chapter, a postsecondary educational institution that offers higher education health benefits may not require a waiting period of more than six months for treatment of a preexisting condition otherwise included in higher education health benefits.

Sec. 1683.004. REQUIRED DISCLOSURE FOR HIGHER EDUCATION HEALTH BENEFITS. (a) A postsecondary educational institution that offers higher education health benefits must provide to an individual applying for higher education health benefits written notice that the benefits are not provided through an insurance policy or other product the offering or issuance of which is regulated as the business of insurance in this state.

(b) An individual must sign and return to the postsecondary educational institution the notice described by Subsection (a) before the individual may enroll in higher education health benefits. The postsecondary educational institution must:

(1) maintain a copy of the signed written notice for the duration of the term during which the higher education health benefits are provided to the individual; and

(2) at the request of the individual, provide a copy of the written notice to the individual.

Sec. 1683.005. POSTSECONDARY EDUCATIONAL INSTITUTION NOT ENGAGED IN BUSINESS OF HEALTH INSURANCE; REGISTRATION REQUIRED.

(a) Notwithstanding any other provision of this code, for the purposes of offering higher education health benefits, a postsecondary educational institution that acts in accordance with this chapter is not a health insurer and is not engaging in the business of health insurance in this state.

(b) A postsecondary educational institution that offers higher education health benefits must register with the department and provide information as needed to facilitate compliance with Chapter 1467, as applicable to those benefits under Section 1275.004.

Sec. 1683.006. RISK TRANSFER OR COVERAGE. A postsecondary educational institution that offers higher education health benefits under this chapter may contract with a company authorized to engage in the business of insurance in this state that is not under common control with the postsecondary educational institution to:

(1) transfer to that company all or a portion of the organization's risks arising from higher education health benefits offered under this chapter; or

(2) obtain insurance coverage from the company guarantying the postsecondary educational institution's obligations arising from higher education health benefits offered under this chapter.

Sec. 1683.007. ACTUARIAL SOUNDNESS. (a) A postsecondary educational institution that offers higher education health benefits under this chapter shall administer the benefits in a manner that is actuarially sound.

(b) The postsecondary educational institution shall ensure the higher education health benefits offered by the postsecondary educational institution are actuarially sound by:

(1) obtaining an actuarial opinion from an actuary who is a fellow of the Society of Actuaries or a member of the American Academy of Actuaries that recommends the amount of cash reserves and the level of specific and aggregate stop-loss insurance the postsecondary educational institution should maintain for purposes of administering the benefits; and
(2) maintaining the levels of cash reserves and stop-loss insurance recommended by the actuarial opinion obtained under Subdivision (1).

SECTION 3. 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, 2025.

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