House Life & Health Insurance Subcommittee Am. #1

Amendment No._____

FILED
Date _____
Time _____
Clerk _____
Comm. Amdt. _____
_____

_____
Signature of Sponsor

AMEND Senate Bill No. 645* **House Bill No. 874**

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Section 56-7-2802, is amended by deleting subdivision (3) and substituting instead the following:

(3) "Bona fide association" means an association that satisfies the requirements of § 56-26-204(a) and:

(A) Does not condition membership in the association on any health status-related factor relating to an individual, including an employee of an employer or a dependent of an employee;

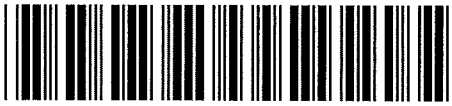
(B) Makes health insurance coverage offered through the association available to all members regardless of any health status-related factor relating to the members or individuals eligible for coverage through a member;

(C) Does not make health insurance coverage offered through the association available other than in connection with a member of the association; and

(D) Meets additional requirements established by the commissioner;

SECTION 2. Tennessee Code Annotated, Section 56-26-101, is amended by deleting subdivision (7) and substituting instead the following:

(7) "Small employer" has the same meaning given in § 56-7-2203. However, for purposes of qualifying to establish a liability pool under § 56-26-204(a), all employees of all member employers participating in the provision of health insurance coverage must be included in the number of eligible employees; and



SECTION 3. Tennessee Code Annotated, Section 56-26-201(2), is amended by deleting the language "under a policy issued to an employer or trustees of a fund established by an employer, or to an association" and substituting instead the language "under a policy issued to an employer or trustees of a fund established by an employer, or to an association or other organization that qualifies under § 56-26-204(a) to establish a liability pool".

SECTION 4. Tennessee Code Annotated, Section 56-26-204, is amended by deleting the section and substituting instead the following:

(a)

(1) Two (2) or more member employers of the same trade or professional organization with at least five hundred (500) covered lives may enter into an agreement to pool their liabilities under this chapter for the purpose of qualifying as self-insurers. The trade or professional association must:

(A) Have a constitution or bylaws;

(B) Have members that support the association by regular payment of dues on an annual, semiannual, quarterly, or monthly basis; and

(C) Have at least one (1) substantial business purpose unrelated to offering and providing health insurance coverage or other employee benefits to its employer members and their employees. However, offering and providing such coverage or benefits may serve as the professional association's primary purpose.

(2)

(A) Ten (10) or more employers of the same nonprofit business coalition for health, organized in this state, may enter into an agreement with the coalition to pool their liabilities under this chapter for the purpose of qualifying as self-insurers. The business coalition must:

(i) Have a charter or bylaws;

(ii) Have members who support the coalition by regular payment of dues on an annual, semiannual, quarterly, or monthly basis; and

(iii) Have at least one (1) substantial business purpose unrelated to offering and providing health insurance coverage or other employee benefits to its employer members and their employees. However, offering and providing such coverage or benefits may serve as the coalition's primary purpose.

(B) A nonprofit business coalition for health does not qualify as a self-insurer under this subdivision (a)(2) until the department of commerce and insurance has promulgated the rules authorized by subsection (b).

(3) Two (2) or more member employers with at least five hundred (500) covered lives may enter into an agreement to pool their liabilities under this chapter for the purpose of qualifying as self-insurers if the employers are members of the same association that has a principal office within this state. The association must:

(A) Have a constitution or bylaws;

(B) Have members that support the association by regular payment of dues on an annual, semiannual, quarterly, or monthly basis; and

(C) Have at least one (1) substantial business purpose unrelated to offering and providing health insurance coverage or other employee benefits to its employer members and their employees. However, offering and providing such coverage or benefits may serve as the association's primary purpose.

(4) Two (2) or more member employers with at least five hundred (500) covered lives may enter into an agreement to pool their liabilities under this

chapter for the purpose of qualifying as self-insurers if the employers are members of the same association that has a principal office within a municipality with a boundary that lies at least partially within this state. The association must:

(A) Have a constitution or bylaws;

(B) Have members that support the association by regular payment of dues on an annual, semiannual, quarterly, or monthly basis;

(C) Have at least one (1) substantial business purpose unrelated to offering and providing health insurance coverage or other employee benefits to its employer members and their employees. However, offering and providing such coverage or benefits may serve as the association's primary purpose;

(D) Adhere to any multi-state compact applicable to its establishment and operation; and

(E) Establish eligibility standards for membership in the association, subject to the requirements of this chapter.

(b) The commissioner of commerce and insurance has the authority to promulgate rules in accordance with the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, as deemed necessary to provide for the solvency, administration, examination, and enforcement of the pooling agreements. However, such rules must not prohibit or deter any association lawfully formed under the laws of this state or any other state from offering health insurance coverage to its members within this state if the health insurance coverage complies with federal law. To the extent deemed necessary by the commissioner, each employer member of the approved group must be classified as a self-insurer as otherwise provided in this chapter.

(c) Pools created under this section are subject to taxation under chapter 4 of this title, filing and approval under this chapter, and laws for protection of policyholders under chapter 7 of this title.

(d) Notwithstanding any law to the contrary, a pool created under this section by an association of private, not-for-profit educational institutions, whose association having been in existence for twenty-five (25) years or more, is exempt from taxation under chapter 4, part 2 of this title.

SECTION 5. This act shall take effect July 1, 2019, the public welfare requiring it.