

SENATE BILL 1783

By Tracy

AN ACT to amend Tennessee Code Annotated, Title 56,  
relative to staff leasing companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-56-101, is amended by deleting such section in its entirety and by substituting instead the following:

Section 56-56-101.

As used in this chapter, "self-insured (or non-fully insured) employee or staff leasing company employee benefit and welfare plan" means a plan that is:

(1) Sponsored or maintained by a staff leasing company or staff leasing group that is duly licensed pursuant to the Tennessee Employee Leasing Act, compiled in title 62, chapter 43;

(2) Is not fully insured by an insurer authorized to provide such coverage in Tennessee; and

(3) Is offered only to employees of the staff leasing company or staff leasing company group.

SECTION 2. Tennessee Code Annotated, Section 56-56-102, is amended by deleting such section in its entirety, and by substituting instead the following:

Section 56-56-102.

(a) A fully-insured welfare benefit plan of an insurer authorized to provide such coverage in Tennessee and offered to the employees of a single staff leasing company or staff leasing group shall be considered for purposes of Tennessee law an employer welfare benefit plan of a single employer as defined by the Federal Employee Retirement Income Security Act of 1974 (29 U.S.C. § 1002(1)). Any other welfare benefit plan sponsored or maintained by a staff leasing company or staff leasing group,

including a self-insured or non-fully insured plan, must comply exclusively with the provisions of this section.

(b) The staff leasing company or staff leasing company group shall disclose to the commissioner upon request:

(1) The type of coverage and a copy of the summary plan description to be provided to the client and employees. The summary plan description shall include the amount of benefits for each type of coverage and to whom or on behalf of whom benefits will be paid;

(2) The identity of any stop-loss carrier, third party administrator, and entity providing security or bonding for the program; and

(3) The actuarial basis upon which any differing facility or location plan charges are based.

(c) The staff leasing company or staff leasing company group sponsoring or maintaining a self-insured or non-fully insured employee benefit and welfare plan shall:

(1) Utilize a third-party administrator licensed to do business in this state to administer the employee benefit and welfare plan;

(2) Within fifteen (15) days following the end of the month any contributions that are received by the staff leasing company or staff leasing company group from or on behalf of employee participants, shall be transferred to and held in a segregated account. Such contributions shall be used only for the payment of benefits under the plan and other expenses associated with maintaining and operating the plan;

(3) Provide and maintain financial assurances for such plan in an amount equal to or greater than one hundred fifty percent (150%) of that necessary to cover plan liabilities as determined by an independent actuary using generally

accepted actuarial standards and established at least once per plan year.

However, at no time shall said financial assurance be less than two hundred fifty thousand dollars (\$250,000). Reserves of the plan, reserves of the staff leasing company or staff leasing company group, a bond or irrevocable letter of credit, acceptable to the commissioner, may be used individually or together in the aggregate to satisfy the financial assurances;

(4) Maintain prudent stop-loss coverage by a provider authorized to provide such coverage in this state; and

(5) For purposes of this section, the staff leasing company or staff leasing company group shall be deemed to be the employer of its leased employees and the leased employees shall be deemed to be employees of the staff leasing company or staff leasing company group.

(d) A self-insured or non-fully insured employee benefit and welfare plan of a staff leasing company or staff leasing company group under this section:

(1) Is not subject to premium taxes imposed under Tennessee law;

(2) Is subject only to the requirements of this section and is not subject to other provisions of title 56, (including, but not limited to medical mandate provisions of title 56, chapters 7 or 26), or the requirements of title 62, chapter 43.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.