

Informal Working Draft and Request for Informal Comments on Association and Student Health Plan Rules

Texas Administrative Code, Title 28, Chapter 21, Subchapter S

Posting date: July 13, 2018

Comments due: August 10, 2018

The Texas Department of Insurance has prepared an informal working draft of a rule relating to association and student health plans.

The most significant change in the draft revisions to Subchapter S is creating a second division within the subchapter that will reduce the administrative burden on carriers issuing life and health coverage to associations by substantially streamlining the filing process. Currently, TDI reviews an association's eligibility every time a carrier wants to issue new coverage to the association. Under the draft rule, once TDI confirms an association's eligibility, carriers will be able to issue subsequent coverage to that association without additional time, expense, and TDI review. The draft also provides carriers with clear association eligibility standards to help them assess and demonstrate association eligibility and satisfy their ongoing monitoring responsibilities.

The informal draft also makes minor amendments to the current Subchapter S, last updated in 1999, to clarify that current TDI HIPAA rules apply to student health plans and that certain HIPAA protections apply to association health plans.

The informal draft rule does not address recent federal association health plan rules because most associations permitted under the new federal rules are already permitted under various Texas laws, and those not already permitted would require legislation. However, the rule will help carriers issue coverage to eligible associations under Chapter 1251 of the Insurance Code.

This is an informal posting intended to gather comments from stakeholders and the general public. TDI invites your input on the text. TDI specifically seeks feedback in three areas.

- Are there issues or concerns associated with provisions contained in the informal text and how it would be affected by the final federal Department of Labor association health plan rule?
- How can TDI determine that an association was not formed, or is not maintained, for purposes other than obtaining coverage, as required by Texas statutes?
- Are there costs associated with complying with the informal text that are not imposed by statute? Under Texas Government Code Chapter 2001, TDI's formal rule proposals must analyze the potential economic costs of compliance. But often, only the industry is in a position to determine what costs will result from rules. To prepare its analysis, TDI requests that insurance industry stakeholders provide specific information about the costs of each provision contained in the informal draft. TDI believes that the industry is already complying with the vast majority of the provisions in the draft, so TDI does not anticipate much in the way of new costs. TDI also believes that the streamlined association eligibility confirmation process will reduce carrier costs, which should result

in a net saving from the proposed changes. If you feel this is incorrect, please take this opportunity to provide your input.

This is not a formal publication for rulemaking.

TDI will host a stakeholder meeting to discuss the working draft rule at 1:00 p.m. Central time, on July 31, 2108 at 333 Guadalupe, room H3-100, Austin, Texas.

Written comments on the informal working draft are due by 5 p.m., Central time, on August 2, 2018. Submit comments to TDI by email at lhlcomments@tdi.texas.gov. If you have questions about this informal draft, you may contact Deanna Osmonson in the Life and Health Lines Office at 512-676-6657.

[Informal Rule Draft](#)