
DIGEST

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HB 463 Original

2017 Regular Session

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Abstract: Clarifies that a professional employer organization (PEO) sponsoring a health benefit plan shall be considered the employer of its employees and the employees of its clients participating in the plan. Further clarifies the definition of a "covered employee" and "co-employment relationship" between a PEO and a PEO's client.

Present law provides for regulation of professional employer organizations (PEOs) by the Department of Insurance.

Proposed law clarifies that a fully-insured welfare benefit plan offered to the covered employees of a single (PEO) shall be treated as a single employer welfare plan.

Proposed law further clarifies that a PEO that sponsors a health benefit plan shall be considered the employer of its covered employees and all covered employees of its clients participating in the plan.

Proposed law requires a PEO offering a health benefit plan which is not fully insured by an authorized insurer to utilize a third party administrator licensed to do business in Louisiana, and hold all plan assets in an ERISA-compliant trust.

Present law defines "covered employee".

Proposed law expands the definition of "covered employee" to include individuals who have received written notice of co-employment with the PEO pursuant to a professional employer agreement between the PEO and the client.

Present law defines "co-employment relationship".

Proposed law clarifies that the relationship must be an ongoing relationship, not a temporary one, and governed by professional employer agreement between the PEO and the client that sets forth the rights, duties, and obligations each employer.

Present law requires the PEO to provide a client with an invoice detailing services provided and federal and state unemployment taxes owed and paid on behalf of covered employees. Proposed law removes this requirement.

Proposed law provides that covered employees shall be deemed employees of the client for purposes of determination of tax credits and other economic incentives, even if the PEO is the W-2 reporting

employer.

Proposed law clarifies that a client company's status or certification as a small, minority-owned, disadvantaged, or woman-owned business enterprise is not affected by entering into an agreement with a PEO.

(Amends R.S. 22:1745(B) and 1746(A)(4) and R.S. 23:1761(intro. para.), (2), and (3) and 1763(B)(1); Adds R.S. 22:1745(C) and (D) and R.S. 23:1763(C) and (D))