

BILL ANALYSIS

C.S.H.B. 2467
By: King, Phil
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties observe that, in order to recoup certain costs imposed under the federal Patient Protection and Affordable Care Act, the insurance industry will likely increase health insurance premiums and HMO charges for health care or impose direct surcharges to policyholders. The parties have expressed concern that such recoupment will artificially drive up the tax base. C.S.H.B. 2467 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2467 amends the Insurance Code to exclude additional premiums, revenues, or fees related to an insurer's recoupment of the health insurance providers fee imposed under certain provisions of the federal Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, whether the premiums, revenues, or fees are stated separately or included in the rates charged for coverage, from the determination of an insurer's taxable gross premiums or a health maintenance organization's taxable gross revenues for the purposes of establishing premium and maintenance taxes, as applicable. The bill requires the comptroller of public accounts to adopt rules necessary to implement the bill's provisions. The bill applies only to a tax liability accruing on or after January 1, 2013.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2467 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Sec. 222.002, Insurance Code,

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 222.002(c), Insurance

is amended by adding Subsection (c)(7) to read as follows:

(c) The following are not included in determining an insurer's taxable gross premiums or a health maintenance organization's taxable gross revenues:

- (1) returned premiums or revenues;
- (2) dividends applied to purchase paid-up additions to insurance or to shorten the endowment or premium payment period;
- (3) premiums received from an insurer for reinsurance;
- (4) premiums or revenues received from the treasury of the United States for insurance or benefits contracted for by the federal government in accordance with or in furtherance of Title XVIII of the Social Security Act (42 U.S.C. Section 1395c et seq.) and its subsequent amendments;
- (5) premiums or revenues paid on group health, accident, and life policies or contracts in which the group covered by the policy or contract consists of a single nonprofit trust established to provide coverage primarily for employees of:
 - (A) a municipality, county, or hospital district in this state; or
 - (B) a county or municipal hospital, without regard to whether the employees are employees of the county or municipality or of an entity operating the hospital on behalf of the county or municipality; [ø]
- (6) premiums or revenues excluded by another law of this state[-]; or
- (7) additional premiums, revenues, or other fees, whether separately stated or built into the rates charged for coverage, under the Patient Protection and Affordable Care Act, and specific to the recoupment of Health Insurance Provider fees due under Section 9010 of that Act.

SECTION 2. Section 257.003, Insurance Code, is amended by adding Subsection (b)(3) to read as follows:

- (b) The gross premiums on which an assessment is based under this chapter may not include:
- (1) premiums received from the United States for insurance contracted for by the

Code, is amended to read as follows:

(c) The following are not included in determining an insurer's taxable gross premiums or a health maintenance organization's taxable gross revenues:

- (1) returned premiums or revenues;
- (2) dividends applied to purchase paid-up additions to insurance or to shorten the endowment or premium payment period;
- (3) premiums received from an insurer for reinsurance;
- (4) premiums or revenues received from the treasury of the United States for insurance or benefits contracted for by the federal government in accordance with or in furtherance of Title XVIII of the Social Security Act (42 U.S.C. Section 1395c et seq.) and its subsequent amendments;
- (5) premiums or revenues paid on group health, accident, and life policies or contracts in which the group covered by the policy or contract consists of a single nonprofit trust established to provide coverage primarily for employees of:
 - (A) a municipality, county, or hospital district in this state; or
 - (B) a county or municipal hospital, without regard to whether the employees are employees of the county or municipality or of an entity operating the hospital on behalf of the county or municipality; [ø]
- (6) premiums or revenues excluded by another law of this state; or
- (7) additional premiums, revenues, or fees related to an insurer's recoupment of the health insurance providers fee imposed under Section 9010 of the federal Patient Protection and Affordable Care Act (Pub. L. No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152), whether the premiums, revenues, or fees are stated separately or included in the rates charged for coverage.

SECTION 2. Section 257.003(b), Insurance Code, is amended to read as follows:

- (b) The gross premiums on which an assessment is based under this chapter may not include:
- (1) premiums received from the United States for insurance contracted for by the

United States in accordance with or in furtherance of Title XVIII of the Social Security Act (42 U.S.C. Section 1395c et seq.) and its subsequent amendments; or

(2) premiums paid on group health, accident, and life policies in which the group covered by the policy consists of a single nonprofit trust established to provide coverage primarily for employees of:

(A) a municipality, county, or hospital district in this state; or

(B) a county or municipal hospital, without regard to whether the employees are employees of the county or municipality or of an entity operating the hospital on behalf of the county or municipality[-]; or

(3) additional premiums, revenues, or other fees, whether separately stated or built into the rates charged for coverage, under the Patient Protection and Affordable Care Act, and specific to the recoupment of Health Insurance Provider fees due under Section 9010 of that Act.

SECTION 3. This Act shall apply to premium taxes paid on or after January 1, 2013.

No equivalent provision.

SECTION 4. This Act takes 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 shall take effect on September 1, 2015.

United States in accordance with or in furtherance of Title XVIII of the Social Security Act (42 U.S.C. Section 1395c et seq.) and its subsequent amendments; [Ø]

(2) premiums paid on group health, accident, and life policies in which the group covered by the policy consists of a single nonprofit trust established to provide coverage primarily for employees of:

(A) a municipality, county, or hospital district in this state; or

(B) a county or municipal hospital, without regard to whether the employees are employees of the county or municipality or of an entity operating the hospital on behalf of the county or municipality; or

(3) additional premiums, revenues, or fees related to an insurer's recoupment of the health insurance providers fee imposed under Section 9010 of the federal Patient Protection and Affordable Care Act (Pub. L. No. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152), whether the premiums, revenues, or fees are stated separately or included in the rates charged for coverage.

SECTION 3. The change in law made by this Act applies only to a tax liability accruing on or after January 1, 2013.

SECTION 4. The comptroller of public accounts shall adopt rules necessary to implement the changes in law made by this Act.

SECTION 5. 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, 2015.