

SUBJECT: Extending assessments for the Texas Health Reinsurance System

COMMITTEE: Insurance — favorable, without amendment

VOTE: 7 ayes — Smithee, Taylor, Eiland, Hancock, Martinez, Vo, Woolley
0 nays
2 absent — T. Smith, Thompson

WITNESSES: For — (*Registered, but did not testify:* Lee Manross, Texas Association of Health Underwriters; Jim Nelson)

Against — None

On — Kevin Brady, Texas Department of Insurance

BACKGROUND: The Texas Health Reinsurance System is a mechanism for small employer carriers to reinsure risks covered under small employer benefit plans. If the system incurs a net loss in a calendar year, the loss is recouped by assessments on reinsured carriers. A reinsured carrier's assessment is in proportion to the carrier's earned premiums from small employer health benefit plans issued in Texas.

Insurance Code, sec. 1501.3241 and 1501.325(d-1) and (e-1) temporarily increased maximum assessment amounts from 5 percent to 10 percent of total premiums. This increase is scheduled to expire on September 1, 2007.

DIGEST: HB 3252 would extend until September 1, 2009, the increased potential assessments for the Texas Health Reinsurance System.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.

NOTES: The companion bill, SB 1683 by Averitt, has been referred to the Senate State Affairs Committee.

