BILL ANALYSIS

Senate Research Center
80R20613 DLF-D

C.S.H.B. 1977
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State Affairs
5/17/2007
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, Texans who cannot obtain insurance through a private health insurance provider can obtain insurance through the Texas Health Insurance Risk Pool (pool). Although Texas must provide guaranteed access to the pool for individuals who qualify under federal law and the state requires access to be provided to medically uninsurable individuals, the pool is not funded by any state revenues, but by contributions from its covered members and assessments paid by health insurance carriers. The assessments are based on the number of covered lives covered by each insurance company. For carriers writing non-stop coverage, this type of assessment does not reflect differences in premium amounts for certain lower-cost coverage.

C.S.H.B. 1977 maintains the covered lives allocation of the assessment by the pool's board of directors (board) between the health insurance companies writing stop loss coverage and the companies writing the non-stop loss coverage. The bill requires the board, once the allocation is determined, to compute the assessment for health insurance companies writing non-stop loss coverage based on the premium of each company. The bill requires the commissioner of insurance to conduct a study and issue a report concerning a program that would offer coverage to individuals who are covered under an employer's group health benefit plan.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 1506, Insurance Code, by adding Sections 1506.008 and 1506.009, as follows:

> Sec. 1506.008. EXEMPTION FROM STATE TAXES AND FEES. Provides that the Texas Health Insurance Risk Pool (pool) is not subject to any state tax, regulatory fee, or surcharge, including a premium or maintenance tax or fee.
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> Sec. 1506.009. STUDY; REPORT. Requires the commissioner of insurance (commissioner) to conduct a study concerning a program under which the pool would offer coverage to an individual who is also covered under a group health benefit plan that is provided or offered to the individual through an employer. Provides that, under the proposed program, pool coverage would be secondary to coverage provided under the group health benefit plan.
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> (b) Authorizes the commissioner to contract with actuaries and other experts as necessary to conduct the study using existing resources.
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> (c) Requires the commissioner to report the results of the study in the biennial report under Section 32.022 (Biennial Report to Legislature). Requires the report to contain certain information.
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> (d) Provides that this section expires September 1, 2009.

SECTION 2. Amends Section 1506.251, Insurance Code, by adding Subsection (c), to provide that the regular assessment is the amount determined by the board of directors of the Texas

Health Insurance Risk Pool (board) under Section 1506.252 (Determination of Net Loss) and recovered from health benefit plan issuers under Section 1506.253 (Assessment to Cover Net Loss).

SECTION 3. Amends Subchapter F, Chapter 1506, Insurance Code, by adding Section 1506.2523, as follows:

Sec. 1506.2523. ANNUAL REPORT TO BOARD: GROSS PREMIUMS. (a) Requires each health benefit plan issuer to report to the board the gross premiums collected for the preceding calendar year for health benefit plans.

(b) Provides that, for purposes of this section, gross health benefit plan premiums do not include certain premiums collected as set forth in this subsection.

SECTION 4. Amends Section 1506.253(b), Insurance Code, to require the board to use the total number of enrolled individuals reported by all health benefit plan issuers under Section 1506.2522 (Annual Report to Board: Enrolled Individuals) as of the preceding December 31 to compute the amount of a health benefit plan issuer's assessment, if any, in accordance with this subsection. Requires the board to allocate the total amount to be assessed based on the total number of enrolled individuals covered by excess loss, stop-loss, or reinsurance policies and on the total number of other enrolled individuals as determined under Section 1506.2522. Sets forth the method to be used to compute the amount of a health benefit plan issuer's assessment. Deletes existing text relating to the previous method used to compute that amount. Makes conforming changes.

SECTION 5. Provides that Section 1506.008, Insurance Code, as added by this Act, applies only to a state tax, regulatory fee, or surcharge that becomes due on or after this Act's effective date.

SECTION 6. Makes application of Section 1506.253, Insurance Code, as amended by this Act, prospective.

SECTION 7. Effective date: June 30, 2007 or September 30, 2007.