

By: Delisi

H.B. No. 3550

Substitute the following for H.B. No. 3550:

By: Eiland

C.S.H.B. No. 3550

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the applicability of certain premium, maintenance, and
3 other insurance-related taxes to certain benefit plans.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2(c), Article 4.11, Insurance Code, is
6 amended to read as follows:

7 (c) (1) "Gross premiums" are the total gross amount of all
8 premiums, membership fees, assessments, dues, and any other
9 considerations for such insurance received during the taxable year
10 on each and every kind of such insurance policy or contract covering
11 persons located in the State of Texas and arising from the types of
12 insurance specified in Section 1 of this article, but deducting
13 returned premiums, any dividends applied to purchase paid-up
14 additions to insurance or to shorten the endowment or premium
15 payment period, and excluding those premiums received from
16 insurance carriers for reinsurance and there shall be no deduction
17 for premiums paid for reinsurance.

18 (2) For purposes of this article, a stop-loss or
19 excess loss insurance policy issued to a health maintenance
20 organization, as defined under Chapter 843 of this code [~~the Texas~~
21 ~~Health Maintenance Organization Act (Chapter 20A, Vernon's Texas~~
22 ~~Insurance Code)], shall be considered reinsurance.~~

23 (3) Gross [~~Such gross~~] premiums as described by this
24 subsection shall not include premiums received from the Treasury of

1 the State of Texas or from the Treasury of the United States for
2 insurance contracted for by the state or federal government for the
3 purpose of providing welfare benefits to designated welfare
4 recipients or for insurance contracted for by the state or federal
5 government in accordance with or in furtherance of the provisions
6 of Title 2, Human Resources Code, or the Federal Social Security
7 Act, as amended.

8 (3-a) On and after January 1, 2004, but before January
9 1, 2006, Subdivision (3) of this subsection does not apply, and this
10 subdivision applies. "Gross premiums" as described by this
11 subsection do not include premiums received from the Treasury of
12 the United States for insurance contracted for by the federal
13 government in accordance with or in furtherance of the provisions
14 of Title XVIII of the Federal Social Security Act, as amended. This
15 subdivision expires December 31, 2005.

16 (4) The gross premiums receipts [~~se~~] reported under
17 this article shall not include the amount of premiums paid on group
18 health, accident, and life policies in which the group covered by
19 the policy consists of a single nonprofit trust established to
20 provide coverage primarily for employees of:

21 (A) [~~(1)~~] a municipality, county, or hospital
22 district in this state; or

23 (B) [~~(2)~~] a county or municipal hospital,
24 without regard to whether the employees are employees of the county
25 or municipality or another entity operating the hospital on behalf
26 of the county or municipality.

27 SECTION 2. Article 4.17(a), Insurance Code, is amended to

1 read as follows:

2 (a)(1) The commissioner shall annually determine the rate
3 of assessment of a maintenance tax to be paid on an annual,
4 semiannual, or other periodic basis, as determined by the
5 comptroller. The rate of assessment may not exceed .04 percent of
6 the correctly reported gross premiums of life, health, and accident
7 insurance coverages and the gross considerations for annuity and
8 endowment contracts collected by all authorized insurers writing
9 life, health, and accident insurance, annuity, or endowment
10 contracts in this state. The comptroller shall collect the
11 maintenance tax.

12 (2) For purposes of this article, the gross premiums
13 on which an assessment is based may not include premiums received
14 from this state or the United States for insurance contracted for by
15 this state or the United States for the purpose of providing welfare
16 benefits to designated welfare recipients or for insurance
17 contracted for by this state or the United States in accordance with
18 or in furtherance of Title 2, Human Resources Code, or the federal
19 Social Security Act (42 U.S.C. Section 301 et seq.), as amended.

20 (3) On and after January 1, 2004, but before January 1,
21 2006, Subdivision (2) of this subsection does not apply, and this
22 subdivision applies. The gross premiums on which an assessment is
23 based may not include premiums received from the United States for
24 insurance contracted for by the United States in accordance with or
25 in furtherance of Title XVIII of the federal Social Security Act, as
26 amended. This subdivision expires December 31, 2005.

27 SECTION 3. Article 27.05, Insurance Code, is amended to

1 read as follows:

2 Art. 27.05. EXEMPTION FROM PREMIUM TAX. (a) The issuer of
3 a children's health benefit plan is not subject to the premium tax
4 imposed by Article 4.11 of this code or the tax on revenues imposed
5 under Section 33, Texas Health Maintenance Organization Act
6 (Article 20A.33, Vernon's Texas Insurance Code), with respect to
7 money received for coverage provided under that plan.

8 (b) On and after January 1, 2004, but before January 1,
9 2006, this article does not apply. This subsection expires
10 December 31, 2005.

11 SECTION 4. Subchapter D, Chapter 62, Health and Safety
12 Code, is amended by adding Section 62.158 to read as follows:

13 Sec. 62.158. STATE TAXES. The commission shall ensure that
14 any experience rebate or profit-sharing for health plan providers
15 under the child health plan is calculated by treating premium,
16 maintenance, and other taxes under the Insurance Code and any other
17 taxes payable to this state as allowable expenses for purposes of
18 determining the amount of the experience rebate or profit-sharing.

19 SECTION 5. Subchapter A, Chapter 533, Government Code, is
20 amended by adding Section 533.0132 to read as follows:

21 Sec. 533.0132. STATE TAXES. The commission shall ensure
22 that any experience rebate or profit-sharing for managed care
23 organizations is calculated by treating premium, maintenance, and
24 other taxes under the Insurance Code and any other taxes payable to
25 this state as allowable expenses for purposes of determining the
26 amount of the experience rebate or profit-sharing.

27 SECTION 6. The change in law made by this Act to Articles

1 4.11 and 4.17, Insurance Code, applies only to a tax report
2 originally due on or after January 1, 2004.

3 SECTION 7. This Act takes effect immediately if it receives
4 a vote of two-thirds of all the members elected to each house, as
5 provided by Section 39, Article III, Texas Constitution. If this
6 Act does not receive the vote necessary for immediate effect, this
7 Act takes effect September 1, 2003.