

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**March 26, 2003**

**TO:** Honorable Bill Ratliff, Chair, Senate Committee on State Affairs

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB10** by Averitt (Relating to the creation of employer health benefit plan groups.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would allow small or large employers to form a "health group cooperative" for the purchase of employer health benefit plans. Eligible health carriers issuing coverage to a health group cooperative would be entitled to a premium tax credit for two years for each uninsured employee and dependent who received coverage through the health group cooperative.

Premiums received for previously uninsured employees and their dependents in a health group cooperative would be subject to premium tax in an amount equal to 1.75 percent of the premiums. The bill does not define uninsured for purposes of qualifying for the credit, and does not specify the amount of the tax credit. It is assumed that the health carriers would qualify for a full tax credit and that the increase in premium tax revenue would be offset by a tax credit. As a result, no significant impact to premium tax revenue is anticipated.

The Texas Department of Insurance (TDI) would need to develop an expedited approval process for coverage to be offered to health group cooperatives. TDI would also need to develop a process for considering applications for expanded service areas to be used by carriers offering coverage to health group cooperatives. However, according to TDI, any additional workload could be handled by existing staff, and any additional costs would not be significant.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 327 Employees Retirement System, 454 Department of Insurance

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