

By: Taylor

H.B. No. 1978

A BILL TO BE ENTITLED

1 AN ACT

2 relating to assessments for the Texas Health Insurance Risk Pool.

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

4 SECTION 1. Section 1506.251, Insurance Code, is amended by  
5 adding Subsection (c) to read as follows:

6 (c) The regular assessment is the amount determined by the  
7 board under Section 1506.252 and recovered from health benefit plan  
8 issuers under Section 1506.253.

9 SECTION 2. Subchapter F, Chapter 1506, Insurance Code, is  
10 amended by adding Section 1506.2523 to read as follows:

11 Sec. 1506.2523. ANNUAL REPORT TO BOARD: GROSS PREMIUMS.

12 (a) Each health benefit plan issuer shall report to the board the  
13 gross premiums collected for the preceding calendar year for health  
14 benefit plans.

15 (b) For purposes of this section, gross health benefit plan  
16 premiums do not include premiums collected for:

17 (1) coverage under a Medicare supplement benefit plan  
18 subject to Chapter 1652;

19 (2) coverage under a small employer health benefit  
20 plan subject to Subchapters A-H, Chapter 1501; or

21 (3) coverage or insurance listed in Section  
22 1506.002(b).

23 SECTION 3. Section 1506.253(b), Insurance Code, is amended  
24 to read as follows:

1           (b) The board shall use the total number of enrolled  
2 individuals reported by all health benefit plan issuers under  
3 Section 1506.2522 as of the preceding December 31 to [~~to~~] compute  
4 the amount of a health benefit plan issuer's assessment, if any, in  
5 accordance with this subsection. The [~~the~~] board shall allocate [~~+~~

6           [~~(1) divide~~] the total amount to be assessed based on  
7 [~~by~~] the total number of enrolled individuals covered by excess  
8 loss, stop-loss, or reinsurance policies and on the total number of  
9 other enrolled individuals as determined [~~reported by all health~~  
10 ~~benefit plan issuers~~] under Section 1506.2522. To compute the  
11 amount of a health benefit plan issuer's assessment:

12           (1) for the issuer's enrolled individuals covered by  
13 an excess loss, stop-loss, or reinsurance policy, the board shall:

14           (A) divide the allocated amount to be assessed by  
15 the total number of enrolled individuals covered by excess loss,  
16 stop-loss, or reinsurance policies, as determined under Section  
17 1506.2522, [as of the preceding December 31] to determine the per  
18 capita amount; and

19           (B) multiply the number of a health benefit plan  
20 issuer's enrolled individuals covered by an excess loss, stop-loss,  
21 or reinsurance policy, as determined under Section 1506.2522, by  
22 the per capita amount to determine the amount assessed to that  
23 health benefit plan issuer; and

24           (2) for the issuer's enrolled individuals not covered  
25 by excess loss, stop-loss, or reinsurance policies, the board,  
26 using the gross health benefit plan premiums reported for the  
27 preceding calendar year by health benefit plan issuers under

1 Section 1506.2523, shall:

2 (A) divide the gross premium collected by a  
3 health benefit plan issuer by the gross premium collected by all  
4 health benefit plan issuers; and

5 (B) multiply the allocated amount to be assessed  
6 by the fraction computed under Paragraph (A) [~~number of enrolled~~  
7 individuals reported by the health benefit plan issuer under  
8 Section 1506.2522 as of the preceding December 31 by the per capita  
9 amount] to determine the amount assessed to that health benefit  
10 plan issuer.

11 SECTION 4. Subchapter F, Chapter 1506, Insurance Code, is  
12 amended by adding Section 1506.259 to read as follows:

13 Sec. 1506.259. TAX CREDIT. (a) A health benefit plan  
14 issuer is entitled to a credit against its premium tax under Chapter  
15 222 for the portion of the issuer's regular assessment, determined  
16 by the board during the preceding calendar year under Section  
17 1506.253, for non-federally eligible individuals who qualify for  
18 pool coverage under Section 1506.152(a)(3), as determined by the  
19 pool as of December 31 of the preceding calendar year.

20 (b) The premium tax credit under this section applies to the  
21 premium tax due in the calendar year following the calendar year in  
22 which the regular assessment is determined by the pool.

23 (c) The premium tax credit under this section is limited to  
24 the premium tax liability due for the calendar year before the  
25 application of any available premium tax prepayments and guaranty  
26 association assessment credits. Any credit that exceeds the  
27 premium tax liability for a calendar year may not be carried forward

1 to future years or applied to prior years.

2 (d) Available credit against premium tax allowed under this  
3 section may be transferred or assigned among health benefit plan  
4 issuers if:

5 (1) a merger, acquisition, or total assumption of  
6 reinsurance among the issuers occurs; or

7 (2) the commissioner by order approves the transfer or  
8 assignment.

9 SECTION 5. The change in law made by this Act to Section  
10 1506.253, Insurance Code, applies to an assessment under Subchapter  
11 F, Chapter 1506, Insurance Code, for a calendar year or portion of a  
12 calendar year beginning on the effective date of this Act. An  
13 assessment for any portion of a calendar year before the effective  
14 date of this Act is governed by the law in effect during the period  
15 for which the assessment is made, and the former law is continued in  
16 effect for that purpose.

17 SECTION 6. A health benefit plan issuer may apply a tax  
18 credit under Section 1506.259, Insurance Code, as added by this  
19 Act, beginning with the first premium tax payment that is due on or  
20 after January 1, 2008.

21 SECTION 7. This Act takes effect June 30, 2007, if it  
22 receives a vote of two-thirds of all the members elected to each  
23 house, as provided by Section 39, Article III, Texas Constitution.  
24 If this Act does not receive the vote necessary to take effect on  
25 that date, this Act takes effect September 30, 2007.