

By: Taylor

H.B. No. 1978

A BILL TO BE ENTITLED

AN ACT

relating to assessments for the Texas Health Insurance Risk Pool.

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

SECTION 1. Subchapter F, Chapter 1506, Insurance Code, is amended by adding Section 1506.2523 to read as follows:

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

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

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

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

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

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

SECTION 2. Section 1506.253(b), Insurance Code, is amended to read as follows:

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

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

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

9 (A) divide the allocated amount to be assessed by
10 the total number of enrolled individuals covered by excess loss,
11 stop-loss, or reinsurance policies, as determined under Section
12 1506.2522, [as of the preceding December 31] to determine the per
13 capita amount; and

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

19 (2) for the issuer's enrolled individuals not covered
20 by excess loss, stop-loss, or reinsurance policies, the board,
21 using the gross health benefit plan premiums reported for the
22 preceding calendar year by health benefit plan issuers under
23 Section 1506.2523, shall:

24 (A) divide the gross premium collected by a
25 health benefit plan issuer by the gross premium collected by all
26 health benefit plan issuers; and

27 (B) multiply the allocated amount to be assessed

1 by the fraction computed under Paragraph (A) [~~number of enrolled~~
2 ~~individuals reported by the health benefit plan issuer under~~
3 ~~Section 1506.2522 as of the preceding December 31 by the per capita~~
4 ~~amount~~] to determine the amount assessed to that health benefit
5 plan issuer.

6 SECTION 3. Subchapter F, Chapter 1506, Insurance Code, is
7 amended by adding Section 1506.259 to read as follows:

8 Sec. 1506.259. TAX CREDIT. (a) A health benefit plan issuer
9 is entitled to a credit against the issuer's premium tax under
10 Chapter 222 for the total amount of an assessment paid by the issuer
11 under Section 1506.253.

12 (b) The tax credit applies to the premium tax due in the
13 calendar year following the calendar year in which the assessment
14 is paid. An unused credit may be carried over to apply to the
15 premium tax due in the five consecutive calendar years that follow
16 the calendar year in which the credit may first be applied.

17 (c) The balance of a tax credit not claimed in a particular
18 calendar year may be reflected in the books and records of the
19 issuer as an admitted asset of the issuer.

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

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

25 (2) the commissioner by order approves the transfer or
26 assignment.

27 SECTION 4. The change in law made by this Act to Section

1 1506.253, Insurance Code, applies to an assessment under Subchapter
2 F, Chapter 1506, Insurance Code, for a calendar year or portion of a
3 calendar year beginning on the effective date of this Act. An
4 assessment for any portion of a calendar year before the effective
5 date of this Act is governed by the law in effect during the period
6 for which the assessment is made, and the former law is continued in
7 effect for that purpose.

8 SECTION 5. A health benefit plan issuer may apply a tax
9 credit under Section 1506.259, Insurance Code, as added by this
10 Act, beginning with the first premium tax payment that is due on or
11 after January 1, 2008.

12 SECTION 6. This Act takes effect June 30, 2007, if it
13 receives a vote of two-thirds of all the members elected to each
14 house, as provided by Section 39, Article III, Texas Constitution.
15 If this Act does not receive the vote necessary to take effect on
16 that date, this Act takes effect September 30, 2007.