

BILL ANALYSIS

S.B. 6
By: Duncan
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Texas has the highest rate of uninsured persons in the nation, a large percentage of whom are employed by an employer that is unable to offer insurance or are unable to afford premiums for their employer sponsored health plan. According to the Texas Department of Insurance, only 32 percent of small employers offer insurance, as opposed to the 89 percent of large firms that offer insurance. Furthermore, the premiums in the small business insurance market are often much higher than those in a large employer market. This bill would provide predictability and stability to the insurers in the small business market, allowing the premiums to be significantly lower.

S.B. 6 establishes the Healthy Texas Program to offer department-approved health insurance products for certain small businesses. The bill makes insurers responsible for all payments up to an annual threshold of \$5,000 per individual and once that threshold is met, eligible for reimbursement in an amount equal to 80 percent of the dollar amount of claims, up to \$75,000 for each enrollee.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of insurance in SECTIONS 1 and 2 of this bill.

ANALYSIS

S.B. 6 amends the Insurance Code to establish the Healthy Texas Program and sets forth provisions relating to employer eligibility to participate, including the authority of the commissioner of insurance, by rule, to make certain adjustments, minimum employer participation requirements, and employer contribution requirements. The bill sets out provisions relating to coverage and benefits for participants under the program, including which health benefit plan issuers are authorized to participate in the program and the commissioner's authority, by rule, to limit participation and establish certain participation requirements, a required preexisting condition provision, an exception from mandated benefit requirements under Texas law, and the coverage prohibited or required of a qualified health benefit plan and the authority of the commissioner to make determinations regarding this coverage.

S.B. 6 establishes the manner in which the program is administered, including provisions relating to employer certification of eligibility requirements, the application process, the initial enrollment period for employees under a qualifying health benefit plan and a waiting period established by a small employer, and the submission of reports by the participating health benefit plan issuer to the Texas Department of Insurance. The bill sets forth provisions relating to the rating of qualified health benefit plans, including the application of rating factors and information regarding premium practices in general, premium rate development and calculation requirements, and the filing and approval of rates by the commissioner.

S.B. 6 establishes the Healthy Texas small employer premium stabilization fund and requires the commissioner to adopt rules for implementation and administration of the fund, including rules

that set out the procedures for operation of the fund and distribution of money from the fund. The bill sets out provisions relating to the operation of the fund, providing that a health plan issuer is eligible to receive a reimbursement in an amount that is equal to 80 percent of the dollar amount of claims paid between \$5,000 and \$75,000 in a calendar year for an enrollee in a qualifying health benefit plan, that a health benefit plan issuer is eligible for reimbursement from the fund only for the calendar year in which claims are paid, and that once the dollar amount of claims paid on behalf of a covered individual reaches or exceeds \$75,000 in a given calendar year, a health benefit plan issuer may not receive reimbursement for any other claims paid on behalf of the individual in that calendar year. The bill sets out the procedure for submission of a request for reimbursement, availability and distribution of funds, reports from health benefit plan issuers participating in the program, submission of claims experience data by health benefit plan issuers to the department and use of this data by the commissioner, determination of total eligible enrollment by the commissioner and the authority of the commissioner to implement the required suspension of enrollment of new employees in qualifying health benefit plans if the total enrollment exceeds total eligible enrollment and is likely to result in anticipated annual expenditures in excess of the total funds available for distribution from the fund, reactivation of employer enrollment following a suspension, the commissioner's authority to administer the fund through an independent organization and the administrator's authority to purchase stop-loss insurance or reinsurance, and the authority of the commissioner to use a certain amount of the fund for public education and outreach.

S.B. 6 authorizes the commissioner to adopt rules as necessary to implement the program and requires adoption not later than January 4, 2010. The bill requires the commissioner to make an initial determination concerning limitation of health benefit plan issuer participation in the program not later than January 18, 2010 and requires the commissioner, if the commissioner determines that limited participation is necessary to achieve the purposes of the program, to issue a request for proposal from health benefit plan issuers to participate in the program not later than May 1, 2010. The bill requires the commissioner to ensure that the program is fully operational in a manner that allows health benefit plan issuers participating in the program to make the first annual request for reimbursement on January 1, 2011. The bill establishes that its provisions do not make an appropriation and that the provisions take effect only if a specific appropriation for its implementation is provided in a general appropriations act of the 81st Legislature.

S.B. 6 establishes the purpose of the program, and defines "dependent," "eligible employee," "fund," "health benefit plan," "program," "qualifying health benefit plan," and "small employer" for the purposes of the program.

EFFECTIVE DATE

September 1, 2009.