

By: Smithee, Hardcastle, Eiland, Bohac,
Alonzo, et al.

H.B. No. 2064

A BILL TO BE ENTITLED

1 AN ACT
2 relating to premium discounts for certain participants in the Texas
3 Health Insurance Risk Pool and to related tax credits for health
4 benefit plan issuers.

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

6 SECTION 1. Section 1506.105, Insurance Code, is amended by
7 amending Subsection (e) and adding Subsections (e-1) and (e-2) to
8 read as follows:

9 (e) Premium rates shall be established to provide fully for
10 all of the expected costs of claims, including recovery of prior
11 losses, expenses of operation, investment income from claim
12 reserves, and any other cost factors, subject to the limitations
13 [~~limitation~~] described in this subsection and Subsection (e-1). In
14 no event may pool premium rates exceed 200 percent of the standard
15 risk rate described by Subsection (d) [~~rates applicable to~~
16 ~~individual standard risks~~].

17 (e-1) Subject to Subsection (e-2), discounted premiums
18 shall be offered on a sliding scale, based on financial need, as
19 follows:

20 (1) for an individual whose household income is below
21 200 percent of the federal poverty measure, determined under the
22 United States Department of Health and Human Services poverty
23 guidelines in effect at the time coverage is provided, premium
24 rates shall equal the standard risk rate described by Subsection

1 (d); and

2 (2) for an individual whose household income is at or
3 below 300 percent, but not less than 200 percent, of the federal
4 poverty measure, determined under the United States Department of
5 Health and Human Services poverty guidelines in effect at the time
6 coverage is provided, premium rates shall equal 140 percent of the
7 standard risk rate described by Subsection (d).

8 (e-2) The aggregate premium discount under Subsection
9 (e-1), determined by subtracting the dollar amount of premiums
10 collected under Subsection (e-1) from the dollar amount that would
11 have been collected if a discount was not available under
12 Subsection (e-1), may not exceed \$20 million in any two-year
13 period, beginning with the two-year period that begins January 1,
14 2010, and ends December 31, 2011.

15 SECTION 2. Subchapter F, Chapter 1506, Insurance Code, is
16 amended by adding Section 1506.260 to read as follows:

17 Sec. 1506.260. TAX CREDIT. (a) A health benefit plan
18 issuer is entitled to a credit against the issuer's premium tax
19 under Chapter 222 for premium discounts granted under Section
20 1506.105(e-1). Each issuer's share of the premium discounts is
21 based on the method described by Section 1506.253 as calculated by
22 the pool.

23 (b) The tax credit applies to the premium tax due in the
24 calendar year following the calendar year in which the assessment
25 is paid. An unused credit may be carried over to apply to the
26 premium tax due in the five consecutive calendar years that follow
27 the calendar year in which the credit may first be applied.

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

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

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

9 (2) the commissioner by order approves the transfer or
10 assignment.

11 SECTION 3. (a) This Act applies only to premium rates for
12 coverage through the Texas Health Insurance Risk Pool under Chapter
13 1506, Insurance Code, as amended by this Act, that is in effect on
14 or after January 1, 2010. Premium rates for coverage in effect
15 before January 1, 2010, are governed by the law in effect
16 immediately before the effective date of this Act, and the former
17 law is continued in effect for that purpose.

18 (b) A health benefit plan issuer may apply a tax credit
19 under Section 1506.260, Insurance Code, as added by this Act,
20 beginning with the first premium tax payment that is due on or after
21 January 1, 2012.

22 SECTION 4. This Act takes effect September 1, 2009.