

1-1 By: Smithee, et al. (Senate Sponsor - Averitt) H.B. No. 2064
1-2 (In the Senate - Received from the House April 8, 2009;
1-3 April 15, 2009, read first time and referred to Committee on State
1-4 Affairs; May 6, 2009, reported favorably by the following vote:
1-5 Yeas 9, Nays 0; May 6, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to premium discounts for certain participants in the Texas
1-9 Health Insurance Risk Pool and to related tax credits for health
1-10 benefit plan issuers.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 1506.105, Insurance Code, is amended by
1-13 amending Subsection (e) and adding Subsections (e-1) and (e-2) to
1-14 read as follows:

1-15 (e) Premium rates shall be established to provide fully for
1-16 all of the expected costs of claims, including recovery of prior
1-17 losses, expenses of operation, investment income from claim
1-18 reserves, and any other cost factors, subject to the limitations
1-19 [~~limitation~~] described in this subsection and Subsection (e-1). In
1-20 no event may pool premium rates exceed 200 percent of the standard
1-21 risk rate described by Subsection (d) [~~rates applicable to~~
1-22 ~~individual standard risks~~].

1-23 (e-1) Subject to Subsection (e-2), discounted premiums
1-24 shall be offered on a sliding scale, based on financial need, as
1-25 follows:

1-26 (1) for an individual whose household income is below
1-27 200 percent of the federal poverty measure, determined under the
1-28 United States Department of Health and Human Services poverty
1-29 guidelines in effect at the time coverage is provided, premium
1-30 rates shall equal the standard risk rate described by Subsection
1-31 (d); and

1-32 (2) for an individual whose household income is at or
1-33 below 300 percent, but not less than 200 percent, of the federal
1-34 poverty measure, determined under the United States Department of
1-35 Health and Human Services poverty guidelines in effect at the time
1-36 coverage is provided, premium rates shall equal 140 percent of the
1-37 standard risk rate described by Subsection (d).

1-38 (e-2) The aggregate premium discount under Subsection
1-39 (e-1), determined by subtracting the dollar amount of premiums
1-40 collected under Subsection (e-1) from the dollar amount that would
1-41 have been collected if a discount was not available under
1-42 Subsection (e-1), may not exceed \$20 million in any two-year
1-43 period, beginning with the two-year period that begins January 1,
1-44 2010, and ends December 31, 2011.

1-45 SECTION 2. Subchapter F, Chapter 1506, Insurance Code, is
1-46 amended by adding Section 1506.260 to read as follows:

1-47 Sec. 1506.260. TAX CREDIT. (a) A health benefit plan
1-48 issuer is entitled to a credit against the issuer's premium tax
1-49 under Chapter 222 for premium discounts granted under Section
1-50 1506.105(e-1). Each issuer's share of the premium discounts is
1-51 based on the method described by Section 1506.253 as calculated by
1-52 the pool.

1-53 (b) The tax credit applies to the premium tax due in the
1-54 calendar year following the calendar year in which the assessment
1-55 is paid. An unused credit may be carried over to apply to the
1-56 premium tax due in the five consecutive calendar years that follow
1-57 the calendar year in which the credit may first be applied.

1-58 (c) The balance of a tax credit not claimed in a particular
1-59 calendar year may be reflected in the books and records of the
1-60 issuer as an admitted asset of the issuer.

1-61 (d) Available credit against premium tax allowed under this
1-62 section may be transferred or assigned among health benefit plan
1-63 issuers if:

1-64 (1) a merger, acquisition, or total assumption of

2-1 reinsurance among the issuers occurs; or
2-2 (2) the commissioner by order approves the transfer or
2-3 assignment.

2-4 SECTION 3. (a) This Act applies only to premium rates for
2-5 coverage through the Texas Health Insurance Risk Pool under Chapter
2-6 1506, Insurance Code, as amended by this Act, that is in effect on
2-7 or after January 1, 2010. Premium rates for coverage in effect
2-8 before January 1, 2010, are governed by the law in effect
2-9 immediately before the effective date of this Act, and the former
2-10 law is continued in effect for that purpose.

2-11 (b) A health benefit plan issuer may apply a tax credit
2-12 under Section 1506.260, Insurance Code, as added by this Act,
2-13 beginning with the first premium tax payment that is due on or after
2-14 January 1, 2012.

2-15 SECTION 4. This Act takes effect September 1, 2009.

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