

By: Averitt

S.B. No. 879

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 for the two-year  
13 period beginning January 1, 2010, and ending December 31, 2011.

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

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

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

27 (c) The balance of a tax credit not claimed in a particular

1 calendar year may be reflected in the books and records of the  
2 issuer as an admitted asset of the issuer.

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

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

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

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

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

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