

1-1 By: Averitt, Duncan S.B. No. 879  
1-2 (In the Senate - Filed February 17, 2009; March 9, 2009, read  
1-3 first time and referred to Committee on State Affairs;  
1-4 April 6, 2009, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 8, Nays 0; April 6, 2009,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 879 By: Van de Putte

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to premium discounts for certain participants in the Texas  
1-11 Health Insurance Risk Pool and to related tax credits for health  
1-12 benefit plan issuers.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Section 1506.105, Insurance Code, is amended by  
1-15 amending Subsection (e) and adding Subsections (e-1) and (e-2) to  
1-16 read as follows:

1-17 (e) Premium rates shall be established to provide fully for  
1-18 all of the expected costs of claims, including recovery of prior  
1-19 losses, expenses of operation, investment income from claim  
1-20 reserves, and any other cost factors, subject to the limitations  
1-21 [~~limitation~~] described in this subsection and Subsection (e-1). In  
1-22 no event may pool premium rates exceed 200 percent of the standard  
1-23 risk rate described by Subsection (d) [~~rates applicable to~~  
1-24 ~~individual standard risks~~].

1-25 (e-1) Subject to Subsection (e-2), discounted premiums  
1-26 shall be offered on a sliding scale, based on financial need, as  
1-27 follows:

1-28 (1) for an individual whose household income is below  
1-29 200 percent of the federal poverty measure, determined under the  
1-30 United States Department of Health and Human Services poverty  
1-31 guidelines in effect at the time coverage is provided, premium  
1-32 rates shall equal the standard risk rate described by Subsection  
1-33 (d); and

1-34 (2) for an individual whose household income is at or  
1-35 below 300 percent, but not less than 200 percent, of the federal  
1-36 poverty measure, determined under the United States Department of  
1-37 Health and Human Services poverty guidelines in effect at the time  
1-38 coverage is provided, premium rates shall equal 140 percent of the  
1-39 standard risk rate described by Subsection (d).

1-40 (e-2) The aggregate premium discount under Subsection  
1-41 (e-1), determined by subtracting the dollar amount of premiums  
1-42 collected under Subsection (e-1) from the dollar amount that would  
1-43 have been collected if a discount was not available under  
1-44 Subsection (e-1), may not exceed \$20 million in any two-year  
1-45 period, beginning with the two-year period that begins January 1,  
1-46 2010, and ends December 31, 2011.

1-47 SECTION 2. Subchapter F, Chapter 1506, Insurance Code, is  
1-48 amended by adding Section 1506.260 to read as follows:

1-49 Sec. 1506.260. TAX CREDIT. (a) A health benefit plan  
1-50 issuer is entitled to a credit against the issuer's premium tax  
1-51 under Chapter 222 for premium discounts granted under Section  
1-52 1506.105(e-1). Each issuer's share of the premium discounts is  
1-53 based on the method described by Section 1506.253 as calculated by  
1-54 the pool.

1-55 (b) The tax credit applies to the premium tax due in the  
1-56 calendar year following the calendar year in which the assessment  
1-57 is paid. An unused credit may be carried over to apply to the  
1-58 premium tax due in the five consecutive calendar years that follow  
1-59 the calendar year in which the credit may first be applied.

1-60 (c) The balance of a tax credit not claimed in a particular  
1-61 calendar year may be reflected in the books and records of the  
1-62 issuer as an admitted asset of the issuer.

1-63 (d) Available credit against premium tax allowed under this

2-1 section may be transferred or assigned among health benefit plan  
2-2 issuers if:

2-3 (1) a merger, acquisition, or total assumption of  
2-4 reinsurance among the issuers occurs; or

2-5 (2) the commissioner by order approves the transfer or  
2-6 assignment.

2-7 SECTION 3. (a) This Act applies only to premium rates for  
2-8 coverage through the Texas Health Insurance Risk Pool under Chapter  
2-9 1506, Insurance Code, as amended by this Act, that is in effect on  
2-10 or after January 1, 2010. Premium rates for coverage in effect  
2-11 before January 1, 2010, are governed by the law in effect  
2-12 immediately before the effective date of this Act, and the former  
2-13 law is continued in effect for that purpose.

2-14 (b) A health benefit plan issuer may apply a tax credit  
2-15 under Section 1506.260, Insurance Code, as added by this Act,  
2-16 beginning with the first premium tax payment that is due on or after  
2-17 January 1, 2012.

2-18 SECTION 4. This Act takes effect September 1, 2009.

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