

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**May 1, 2013**

**TO:** Honorable John T. Smithee, Chair, House Committee on Insurance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB1367 by Duncan (Relating to abolishing the Texas Health Insurance Pool.), **Committee Report 2nd House, Substituted**

**The fiscal implications of the bill are indeterminate primarily as the collections, timing, and location of deposits and expenditures of certain fee revenues and existing balances would be contingent on the Commissioner of Insurance's approval of a future plan to dissolve the Texas Health Insurance Pool that is not known at this time.**

The bill would repeal Chapter 1506 of the Insurance code which would abolish the Texas Health Insurance Pool.

The bill would require the Texas Health Insurance Pool board to develop a plan for dissolving the pool and transferring all assets, rights, obligations and authority of the board to the Texas Department of Insurance (TDI) and the Commissioner of Insurance. The bill would require the plan to be submitted to the commissioner for approval.

The bill would prohibit the pool from issuing health benefit coverage after December 31, 2013, or by the earliest date on which health benefit coverage is reasonably available on a guaranteed basis to each class of individuals currently eligible for health benefit coverage through the pool, as determined by the commissioner. Under the provisions of the bill, any health benefit coverage already in force would terminate on the later of January 1, 2014, or the earliest date an individual would either be enrolled in comparable coverage or could reasonably be expected to have obtained coverage on a guaranteed basis as determined by the commissioner.

The bill would authorize TDI to recover overpayments or other amounts the pool would have been authorized to recover. The bill would also authorize TDI to make assessments against health benefit plan insurers until all financial obligations of the board and the pool have been satisfied. The bill would allow any money collected by the pool and transferred to TDI, including assessments and over payments, to be deposited to the Texas Treasury Safekeeping Trust Company and be used to pay fees for the Texas Treasury Safekeeping Company account. The bill would allow TDI to transfer money into the treasury to disburse money as required by the bill.

When the Commissioner determines that all financial obligations of the board and pool have been satisfied the Commissioner shall make a final accounting of the pool's finances and make any final assessments or refunds. Under the provisions of the bill, if certain penalty revenue previously paid into the pool is no longer necessary to finance premium discounts, \$5.0 million shall be distributed to the Texas Health Service Authority to be used for its established purpose. Any

amounts available after that distribution shall be distributed to the Healthy Texas Small Employer Premium Stabilization Fund to be used for the purposes of the fund before January 1, 2014. After January 1, 2014, the funds may be used for any other purpose authorized by the Commissioner of Insurance to improve access to health benefit coverage.

The fiscal implications of the bill are indeterminate due to the extent and availability of health benefit coverage for current participants in the pool being unknown and because the collections; timing and location of deposits; and expenditures of certain fee revenues and existing balances would be contingent on the Commissioner of Insurance's approval of a future plan to dissolve the Texas Health Insurance Pool that is not known at this time. The bill would also authorize the Commissioner of Insurance, by rule, to delay the implementation of any part of the bill under certain circumstances described by the bill.

The bill would take effect immediately upon receiving a two-thirds majority vote in both houses; otherwise, the bill would take effect September 1, 2013.

### **Local Government Impact**

The fiscal implications of the bill cannot be determined at this time.

**Source Agencies:** 304 Comptroller of Public Accounts, 308 State Auditor's Office, 454 Department of Insurance

**LBB Staff:** UP, AG, MW, ER