

BILL ANALYSIS

S.B. 2087
By: Hancock
Insurance
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties have expressed a need for flexibility in administering federal funds for the purpose of establishing a temporary health insurance risk pool for the state if such a pool becomes necessary in light of continued efforts to reform federal health care law. S.B. 2087 seeks to address this issue by authorizing the commissioner of insurance to establish and administer a temporary health insurance risk pool with federal funds, to the extent those funds become available.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the commissioner of insurance in SECTION 1 of this bill.

ANALYSIS

S.B. 2087 amends the Insurance Code to authorize the commissioner of insurance, to the extent that federal funds become available under federal law, regulation, or executive action after March 1, 2017, to apply for and use such funds to establish and administer a temporary health insurance risk pool for the purposes of the bill's provisions. The bill prohibits the pool from being used to expand Medicaid and the Medicaid managed care program. The bill authorizes the commissioner, subject to any requirements for obtaining federal funds held in the pool, to use pool funds to provide alternative individual health insurance coverage to eligible individuals that does not diminish the availability of traditional commercial health care coverage, to provide funding to individual health benefit plan issuers that cover individuals with certain health or cost characteristics in exchange for lower enrollee premium rates, or to provide a reinsurance program for health benefit plan issuers in the individual market in exchange for lower enrollee premium rates. The bill authorizes the commissioner to enter into a contract or agreement that the commissioner determines is appropriate to carry out the bill's provisions and to contract for stop-loss insurance for risks incurred under the bill's provisions.

S.B. 2087 authorizes the commissioner to use funds appropriated to the Texas Department of Insurance (TDI) to apply for federal funding and grants and to administer the bill's provisions and to use federal funds to administer the bill's provisions, as appropriate. The bill prohibits the commissioner from using any state funds to fund the pool unless they are specifically appropriated for that purpose. The bill authorizes the commissioner to use money appropriated to TDI from the healthy Texas small employer premium stabilization fund for the exclusive purposes of the bill's provisions other than paying salaries and salary related benefits and requires the commissioner to transfer money from the healthy Texas small employer premium

stabilization fund to the TDI operating account in an amount equal to the amount of money appropriated to TDI from that fund for the direct and indirect costs of the exclusive purposes of the bill's provisions.

S.B. 2087 authorizes the commissioner to use funds appropriated to TDI for the exclusive purposes of the bill's provisions to develop and implement public education, outreach, and facilitated enrollment strategies under the bill and authorizes the commissioner to contract with marketing organizations to perform or provide assistance with those strategies. The bill authorizes the commissioner to apply to the United States secretary of health and human services under federal law for a waiver of applicable provisions of the Patient Protection and Affordable Care Act and any applicable regulations or guidance with respect to health insurance coverage in Texas for a plan year beginning on or after January 1, 2017, and to take any action the commissioner considers appropriate to make such an application. The bill authorizes the commissioner to implement a state plan that meets the requirements of a waiver granted in response to such an application if the plan is consistent with state and federal law and is approved by the United States secretary of health and human services.

S.B. 2087 authorizes the commissioner to exercise any authority that may be exercised under state law by a reinsurer or a health benefit plan issuer authorized to write health benefit plans in Texas. The bill authorizes the commissioner to adopt rules necessary to implement the bill's provisions. The bill exempts a program created under the bill's provisions from any state tax, regulatory fee, or surcharge, including a premium or maintenance tax or fee. The bill requires TDI, beginning June 1, 2018, and not later than June 1 of each year, to submit a report to the governor, the lieutenant governor, and the speaker of the house of representatives, requires the report to summarize the activities conducted under the bill's provisions in the calendar year preceding the year in which the report is submitted, and requires the report to include information relating to net written and earned premiums, plan enrollment, administration expenses, and paid and incurred losses. The bill's provisions expire August 31, 2019. The bill requires the commissioner to transfer any money remaining outside the state treasury in the Texas Treasury Safekeeping Trust Company account to the healthy Texas small employer premium stabilization fund on the bill's effective date.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.