

- SUBJECT:** Exempting Texas Health Insurance Risk Pool from taxes and fees
- COMMITTEE:** Insurance — favorable, without amendment
- VOTE:** 7 ayes — Smithee, Taylor, Eiland, Hancock, Martinez, Vo, Woolley  
0 nays  
2 absent — T. Smith, Thompson
- WITNESSES:** For —Steve Browning, Texas Health Insurance Risk Pool; Betty DeLargy, Texas Health Insurance Risk Pool; (*Registered, but did not testify:* Tom Aldred, Texas Conservative Coalition; Shelton Green, Texas Association of Business; Lee Manross, Texas Association of Health Underwriters; Shannon Meroney, Aetna)  
  
Against —None  
  
On —Gary Johnson, Office of the Comptroller
- BACKGROUND:** Insurance Code, sec. 1506 governs the Texas Health Insurance Risk Pool. The risk pool was created by the Legislature to provide health insurance to certain Texas residents who, due to medical conditions, are unable to obtain coverage from commercial insurers. The risk pool also serves as the Texas alternative mechanism for individual health insurance coverage, guaranteeing portability of coverage to qualified individuals who lose coverage under an employee group plan, church plan, or state plan, as mandated by the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). The risk pool is a nonprofit political subdivision of the state and is governed by a nine-member board appointed by the insurance commissioner. It is not considered an insurance carrier.  
  
Insurance Code, chs. 222 and 257 specify that insurers, health maintenance organizations, and managed care organizations that receive premiums or membership fees are taxed or surcharged on a percentage of the amount of gross premiums they receive during a calendar year.
- DIGEST:** HB 1977 would add Insurance Code, sec. 1506.008 to exempt the Texas Health Insurance Risk Pool from state taxes, regulatory fees, surcharges, and premium or maintenance taxes or fees.

The bill would take effect September 1, 2007, and would apply only to a state tax, regulatory fee, or surcharge due on or after that date.

**SUPPORTERS  
SAY:**

HB 1977 would clarify that the state taxes, regulatory fees, and surcharges are not applicable to the Texas Health Insurance Risk Pool. The comptroller has never determined that the risk pool should pay these taxes, fees, or surcharges. Furthermore, the risk pool does not pay federal taxes. Applying the premium tax would drive up costs for the pool and make health care less affordable and available to those who need it. The risk pool operates as a safety net for those cannot afford or obtain health care. To tax the risk pool would be to diminish its beneficial impact. Since the risk pool currently pays no taxes, the bill would have no fiscal impact on the state.

**OPPONENTS  
SAY:**

No apparent opposition.