

**SUBJECT:** Extending temporary health insurance risk pool and its annual reporting

**COMMITTEE:** Insurance — favorable, without amendment

**VOTE:** 9 ayes — Oliverson, Vo, J. González, Hull, Israel, Middleton, Paul,  
Romero, Sanford

0 nays

**SENATE VOTE:** On final passage, April 9 — 31-0, on Local and Uncontested Calendar

**WITNESSES:** No public hearing.

**BACKGROUND:** Insurance Code ch. 1510 governs a temporary health insurance risk pool administered by the commissioner of the Texas Department of Insurance (TDI), who may apply for available federal funds to administer the risk pool. The exclusive purpose of the pool is to provide a temporary mechanism to assist residents of the state in obtaining access to quality, guaranteed issue health coverage at minimum cost to the public. The pool may not be used to expand Medicaid or in a manner that requires the state to assume functions currently performed by certain federal agencies under the federal Patient Protection and Affordable Care Act, including establishing an exchange or administering premium tax credits.

Beginning June 1, 2020, and by June 1 of each year, TDI must submit a report to the governor, lieutenant governor, and House speaker summarizing risk pool-related activities conducted in the previous year, as well as information relating to net written and earned premiums, plan enrollment, administration expenses, and paid and incurred losses.

The temporary health insurance risk pool expires August 31, 2021.

**DIGEST:** SB 874 would extend the temporary health insurance risk pool governed by Insurance Code ch. 1510 from August 31, 2021, to August 31, 2023.

The bill also would extend the date by which the Texas Department of

Insurance was required to begin annual reporting on risk pool-related activities from June 1, 2020, to June 1, 2022.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2021.

**SUPPORTERS  
SAY:**

SB 874 would extend the temporary health insurance risk pool to provide coverage for individuals with high-cost medical conditions after certain federal legislation was enacted generally prohibiting insurers from rejecting applicants due to preexisting health conditions. The bill is necessary to provide a safety net for vulnerable Texans in the event that federal action required or allowed the establishment of a state risk or reinsurance pool to cover individuals with high-cost medical conditions.

**CRITICS  
SAY:**

No concerns identified.

**NOTES:**

According to the Legislative Budget Board, the bill would have no impact on general revenue through fiscal 2023. However, the bill could have a negative impact on certain operational funds of the Texas Department of Insurance should the temporary health insurance risk pool be established.

The House companion bill, HB 2176 by Oliverson, was considered by the House Committee on Insurance in a public hearing on April 13 and left pending.