

- SUBJECT:** TDI health insurance outreach for small businesses and consumers
- COMMITTEE:** Insurance — favorable, without amendment
- VOTE:** 7 ayes — Smithee, T. Smith, Hancock, Martinez, Thompson, Vo, Woolley
0 nays
2 absent — Taylor, Eiland
- SENATE VOTE:** On final passage, April 25 — 29-0
- WITNESSES:** No public hearing
- BACKGROUND:** The 79th Legislature in 2005 enacted SB 261 by Williams, which required the Texas Department of Insurance (TDI) to develop and implement a health coverage public awareness and education campaign. Insurance Code, ch. 524 requires TDI to increase public awareness of health coverage options available in the state, educate the public on the value of health coverage, and provide information on health coverage options, including health savings accounts and compatible high deductible plans. TDI is required to appoint a task force of 12 or more members to make recommendations regarding the program.
- DIGEST:** SB 23 would amend Insurance Code, ch. 524 to require TDI to establish a separate division to administer the TexLink to Health Coverage Program, which would conduct public education and outreach about health insurance and assist small employers, individuals, and others seeking to purchase health insurance with technical information necessary to understand available health coverage products. The division also would have to promote and facilitate the development and availability of new health coverage options.
- The division would develop and distribute printed materials that would be made available to small employers, individuals, and others seeking to purchase health coverage. The division could produce a newsletter or operate a toll-free hotline to respond to inquiries and provide information.

The Health and Human Services Commission could disseminate information through its toll-free hotline.

The division also could develop educational materials and a curriculum to educate high school students about the importance and value of health coverage, comparing health benefit plans, and understanding basic provisions contained in health benefit plans. TDI could consult with the Texas Education Agency in developing these materials.

The division could:

- conduct health coverage fairs to provide information to small employers and consumers, which could be funded through gifts and grants from insurers;
- cooperate with public or private colleges or universities to promote enrollment in their health coverage programs; and
- provide support and assistance to individuals and organizations seeking to develop community-based health coverage plans for uninsured individuals.

The bill would make creation of an advisory task force optional and would allow the commissioner to appoint one or more individuals with expertise in public relations, marketing, or a related field.

Small business assistance. The division could assist small businesses by providing information about obtaining health coverage in a manner that qualified for favorable treatment under federal tax laws, and by responding to telephone inquiries, speaking at events, and providing information regarding the formation of or participation in private purchasing cooperatives and health group cooperatives.

Children's health benefit plan. The bill would allow small employer health benefit plans to offer group children's health insurance plans that provided coverage to children under 25 years of age who were dependents of eligible employees and whose family income was at or below 400 percent of the federal poverty level. TDI would have to develop minimum benefits to be provided under such a plan.

Specialty certification for small employer benefit plans. TDI would establish a voluntary specialty certification program for individuals who

sell small employer health benefit plans. An individual would have to agree to market small employer health benefit plans to small employers without regard to the number of employees covered by the plan. With this certification, the individual could advertise the person's special training to serve small employers.

To qualify for certification, an individual would have to hold a TDI license to sell life, accident and health insurance and meet training requirements, which would include taking a TDI certification course and passing an exam testing the individual's knowledge and qualifications. Every two years, the individual would have to complete five hours of continuing education to have the certification renewed. Each hour of continuing education also could be applied to TDI's requirements for agent recertification.

An individual with certain credentials would not have to take the course or pass the test to be certified. Exemptions would apply to individuals holding a designation as a Registered Health Underwriter, a Certified Employee Benefit Specialist, or a Registered Employee Benefit Consultant.

TDI would have to begin offering certification on January 1, 2008. The department would maintain a list, including the address, phone number and service area of each individual, of all individuals who held this specialty certification and post the list on the TDI website.

The bill would take effect September 1, 2007.

**SUPPORTERS
SAY:**

SB 23 would build on a program established in 2005 to help consumers and small employers become more educated about the health insurance marketplace. As health care costs rise and more consumers and businesses struggle to secure health care coverage, making informed choices becomes increasingly important.

The bill would make health insurance outreach and education a higher priority within TDI by establishing a separate division for the TexLink to Health Coverage Program and adding staff members to conduct outreach and respond to inquiries from consumers and agents. It would be appropriate that TDI conduct this education and outreach because consumers would be more likely to trust information from a government agency than if it were to come from a health insurance trade association. It

is good public policy to invest in informing consumers and agents about this important economic issue.

Agents could receive additional training and certification in marketing health insurance to small businesses. These agents could then help businesses make more informed choices about health insurance for their employees.

Employers would be able to offer group health insurance for the dependents of employees, a less expensive option than group health insurance for adults. Employers who cannot afford to provide health insurance for their employees may wish to offer this benefit as an alternative .

The bill would help increase awareness of health insurance issues among high school and college students as well as the general public. Purchasing health insurance is an important economic decision, yet many consumers know very little about their choices and the related costs of various decisions. As the health insurance market changes, consumers will continue to need access to information about changes that affect them.

**OPPONENTS
SAY:**

Public education and outreach about health insurance issues should be conducted and paid for by an industry trade association or another organization that represents the health insurance industry. Public funds should not be used to support the profits of the health insurance industry.

NOTES:

According to the fiscal note, the costs to TDI of establishing the TexLink to Health Coverage Division would total \$710,439 in fiscal 2008-09. The costs would be paid for from either existing fund balances or insurance maintenance tax revenue, since TDI is required to generate revenues equivalent to its operating costs.