BILL ANALYSIS

Senate Research Center

H.B. 1709
By: Averitt (Sponsor Unknown)
Business & Commerce
5/11/2001
Engrossed

DIGEST AND PURPOSE

The Texas Health Insurance Risk Pool (pool) was created to comply with the federal Health Insurance Portability and Accountability Act and to provide quality health care to Texans with preexisting conditions who otherwise could not obtain health insurance. The cost for the coverage provided through the pool is paid by the insured through premiums and by insurers through assessments. From 1998 to 2000, the assessments collected from insurers has increased from approximately $10 million to approximately $67 million. H.B. 1709 provides a premium tax credit to an insurer for the amount of assessment paid to the pool and requires the commissioner of insurance to appoint an advisory committee to suggest funding alternatives to assessments.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, agency, or institution.

SECTION BY SECTION ANALYSIS

H.B. 1709 amends the Insurance Code to set forth provisions regarding a premium tax credit for insurers. The bill provides that 100 percent of any assessment paid by an insurer to the Texas Health Insurance Risk Pool (pool) for organizational and interim operating expenses during any calendar year shall be allowed to that insurer as a credit against its premium tax liability to this state for any year. The tax credit shall be allowed at a rate of 10 percent per year for 10 successive years following the date of assessment and at the option of the insurer may be taken over an additional number of years.

The bill prohibits an insurer from being required to write off in any one year an amount in excess of its premium tax liability to this state accruing within that year or any succeeding year. The balance of any unused tax credit not claimed in a particular year may be reflected in the books and records of the insurer as an admitted asset of the insurer for all purposes, including exhibition in annual statements filed with the Texas Department of Insurance (TDI). Available credit against premium tax may be transferred or assigned among or between insurers if a merger, acquisition, or total assumption of reinsurance occurs among or between the insurers or the commissioner of insurance (commissioner) by order approves the transfer or assignment.

The bill requires the commissioner to appoint an advisory committee to study funding for operational losses and other deficits of the pool and to recommend appropriate mechanisms for funding as an alternative to assessments imposed by TDI. The bill sets forth the composition of the committee. The bill requires the committee to report its findings and recommendations to the commissioner, the speaker of the house of representatives, and the lieutenant governor not later than December 1, 2002.

Effective date: September 1, 2001.
Makes application of this Act prospective.