

Lobbyist's Report January 22, 2009

Healthy Texas (Small Group)

TDI continues to take a proactive role in addressing the number of uninsured people in Texas. The current effort is in the form of "Healthy Texas" and is the Department's response to instructions it was given by Senate Bill 10, the big Medicaid reform bill, passed in 2007.

The goal of the project is straightforward: to offer a modest, reduced package of insurance benefits to people in the small group market who do not have insurance because the employer cannot afford it. TDI's Phase 1 report was published in November with details can be downloaded at:

<http://www.tdi.state.tx.us/reports/life/documents/hlthttxph1rpt08.pdf>

There have been a number of meetings with various stakeholder groups and with TDI officials about the proposal. Ron Buffum, Misty Baker, and I have attended all of the meetings. Understandably, TDI wants to polish the idea as much as possible before it's filed as a bill.

At this time, the idea has these main features:

- Its funding will rely largely on state-funded reinsurance.
- Target premium is \$200 per month per employee. (Actuaries are working now to see if the desired benefits will fit the target premium.)
- The benefits will be modest, like annual maximum benefits of \$100,000 or \$300,000.
- TDI is sensitive to "crowd out" so eligibility will be limited in some way to employers who have not had a plan for some time, probably 12 months.
- Enrollment will depend on how much funding the Legislature provides.
- Participation requirements for a group would be lower than current small group requirements.
- Emphasis is on simple enrollment procedures. Guarantee issue, modified community rating, and presumably, the same pre-ex requirements now in small group. "Presumably" because no one has discussed this.

- Agents will be involved. Unlike language in the November report which could be read negatively, TDI speaks enthusiastically about having agents involved. Agent compensation is still under discussion.

One more general meeting is planned by TDI, after which we can expect a "final" report or proposal or maybe just a legislative bill.

Many details of Healthy Texas apparently are going to be left for the Legislature to determine.

Legislature and Sunset

The Legislature convened two weeks ago. A new House speaker, Rep. Joe Straus III from San Antonio, was elected. As peace settled in the House after opening day, the Senate had a little skirmish over its "two-thirds" rule. Both chambers are gone until next Monday.

The House is planning on discussing and adopting its new permanent rules next Tuesday or Wednesday. Last session's rules -- or maybe interpretations of them by the Speaker -- were the focus of a lot of dissension and ill will in 2007, especially towards the end of the session.

Almost 1,500 bills and resolutions (1,487 to be exact) have been filed through mid-Thursday. About 32 of them are in our universe of interest. They have followed the same pattern as in the past few sessions: some bad ones, some really, really bad ones, some that defy the laws of economics and logic, and a handful of good ones. The main reason most of the bad ones get filed is that the authors simply do not know how health insurance works. TAHU will need EVERYONE educating his rep and senator and their staffs on an ongoing, regular, consistent basis this session. Everyone.

Possibly the most important bill of the session for us will be the "Sunset" bill reauthorizing TDI. The report produced by the Sunset Commission was fairly benign on items in which we are interested, thanks to the leadership of co-chairs Rep. Carl Isett of Lubbock and Sen. Glenn Hegar of Katy. Even so, mischief and attacks at the Legislature when it takes up the bill are very possible. Another reason to be a regular visitor to your rep's and senator's district office.