



Texas Health Insurance Market Overview

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Texans' Insurance Status - 2006

Total Population	23,236,000	-
Insured Population	17,533,000	75.5%
- Employment-based	12,130,000	52.2%
- Individual	1,734,000	7.5%
- Government-based	5,782,000	24.9%
Uninsured Population	5,704,000	24.5%

Source: US Census Bureau, Current Population Survey, 2007



State	Percentage Uninsured (Three-year Average from 2004-2006) ¹	Median Household Income (Three-year Average from 2004-2006) ¹	Average Single Premium Cost in 2005 – Group Coverage ²	Average Family Premium Cost in 2005 – Group Coverage ²
United States	15.3%	\$47,287	\$3,991	\$10,728
Texas	24.1%	\$43,425	\$4,108	\$11,533
Arizona	19.0%	\$46,729	\$4,294	\$10,268
Arkansas	17.5%	\$37,420	\$3,590	\$9,190
California	18.5%	\$53,770	\$3,823	\$10,551
Florida	20.3%	\$44,448	\$4,003	\$10,852
Illinois	13.6%	\$49,280	\$4,049	\$10,574
Massachusetts	10.3%	\$56,236	\$4,235	\$11,435
Minnesota	8.5%	\$57,363	\$3,932	\$10,846
New Mexico	21.0%	\$40,827	\$3,813	\$10,637
New York	13.2%	\$48,201	\$4,239	\$11,280

Sources:

1. U.S. Census Bureau, Current Population Survey, 2005-2007 Annual Social and Economic Supplements
2. Agency for Healthcare Research and Quality, 2005 Medical Expenditure Panel Survey-Insurance Component





Small Group Health Insurance Carriers

- Insurers/HMOs are attracted to Texas

State	Number of Small Group Carriers
Texas	50
Florida	21
Oregon	12
Wisconsin	35
New Jersey	17
Minnesota	17
New York	48
Massachusetts	21



Texas Small Employers With Insurance

Year	Number of Small Employers with Insurance	# of Covered Lives
1993	36,952	Unavailable
1994	50,144	Unavailable
1995	63,698	Unavailable
1996	74,164	Unavailable
1997	83,437	978,966
1998	86,106	1,008,737
1999	96,710	1,440,486
2000	97,793	1,444,480
2001	84,240	1,076,483
2002	89,201	1,192,386
2003	91,281	1,162,704
2004	91,456	1,189,319
2005	86,106	1,102,135
2006	88,571	1,178,414

Source: Figure 48 Insurance Filings with TDI



Texas Health Insurance **Reform Initiatives**

- Guarantee Issue
- Standard Benefit Plans
- Rate Bands
- Consumer Choice Plans
- Group Cooperatives and Coalitions



Other Reform Efforts

- TIPA – Texas Insurance Purchasing Alliance
 - Statewide cooperative from 1993-1999
- Texas Healthy Kids Corporation
 - Statewide, non-profit corporation that offered low-cost insurance for children from 1997-2001
 - Closed with enactment of CHIP
- Texas Health Insurance Risk Pool
 - “Insurer of last resort” for unhealthy individuals from 1997-present
 - Currently insures 28,277 people
 - Average monthly premium is \$490



Consumer Choice Experience

	2004	2005	2006
Number of Policies Issued			
Individual Policies	4,289	31,676	33,240
Small Employer Group Policies	670	2,528	5,438
Large Employer Group Policies	388	4,076	2,983
Total	5,347	38,280	41,661
Number of Lives Insured			
Individual Policies	7,383	60,386	52,722
Small Employer Group Policies	4,689	14,973	55,772
Large Employer Group Policies	5,373	12,316	21,604
Total	17,445	87,675	130,098



Consumer Choice Experience

(Continued)

	2004	2005	2006
Number of Policies Issued to Previously Uninsured Groups and/or Individuals			
Individual Policies	449	3,233	1,336
Small Employer Group Policies	176	325	701
Large Employer Group Policies	0	0	21
Total	625	3,558	2,058
Number of Lives Insured That Were Previously Uninsured			
Individual Policies	2,404	5,886	2,056
Small Employer Group Policies	1,879	1,439	8,354
Large Employer Group Policies	0	0	4,019
Total	4,283	7,325	14,429

Source: CCP Figure 2 Filings with TDI



Small Employer Plans

An individual plan is a small employer health benefit plan subject to Insurance Code Chapter 1501 if it provides health care benefits covering two or more eligible employees of a small employer, and

- the employer pays a portion of the premium or benefits;
- the employer or a covered individual treats the health benefit plan as part of a plan for purposes of IRS Code Sections 106 or 162; or
- the health benefit plan is an employee welfare benefit plan under certain Department of Labor regulations.
 - Title 29 Code of Federal Regulations Section 2510.3-1(j) is the specific DOL regulation. The law is similar for large employer health benefit plans.



Small Employer Plans (continued)

- About 18 months or so ago, the Department was made aware of a company called Extend Benefits whose marketing was essentially encouraging small employers to drop group coverage and instead set up an HRA for employees and have them buy individual coverage.
- Texas employer health benefit plan laws, consistent with the requirements of federal HIPAA laws, were enacted to ensure the availability of coverage for all employers and their employees, regardless of the health status of the employees or dependents.
- Bulletin B-0028-06 issued to clarify Texas law and make the industry aware of the issue.



TDI Web Site Information

- TexasHealthOptions.com
- tdi.state.tx.us/company/spg
- tdi.state.tx.us/business/smbiz