

## *The Quorum Report*

**Editor: Harvey Kronberg**  
**P.O. Box 8 Austin, Texas 78767**  
**Voice: 512-292-8191**  
**Fax: 512-292-0099**  
**Email: kronberg@quorumreport.com**

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## **STATE INTERVENTIONS INTO THE INSURANCE MARKET SHOW MIXED RESULTS**

### **Direct correlation between less regulation and lower premium, says national analyst.**

The efforts of the Legislature to decrease the uninsured rolls in Texas have been a mixed bag, according to a presentation from the panel this afternoon at the *Texas Public Policy Foundation's* 6<sup>th</sup> Annual Policy Orientation.

This afternoon's panel, "The Texas Health Insurance Market: Balancing Consumer Choice And Regulation While Expanding Coverage," was intended to showcase whether interventions such as guarantee issue and rate bands actually increased enrollment.

**JP Wieske**, the director of state affairs for the *Council for Affordable Health Insurance*, makes a direct correlation between interventions and the cost of insurance. The more the state piles on the insurance carriers on the front end, the higher premiums are on the back end. Wieske said regulation should be limited to making sure health insurance is accessible to everyone and that benefits are as they are promised.

**Jennifer Ahrens**, senior associate commissioner at the *Texas Department of Insurance*, presented an overview of legislative interventions into the insurance market. Right now, 75 percent of the Texas population is coverage, which does leave Texas lagging behind similarly population states such as Florida and New York. Ahrens said there is no one profile, or intervention, that has worked in every state.

And despite the statistics of insured in Texas, the state still does attract more than its share of small group carriers. Texas has 50 small group carriers, compared to 21 in Massachusetts, which is more highly regulated. Even Minnesota, with the lowest percentage of uninsured in the nation, only has 21 carriers.

Over the last 15 years, the Legislature has approached increased enrollment from a variety of fronts: through the regulation of employers; through the creation of a high-risk pool; group and co-op purchasing options; consumer choice options; and through low-cost discounted options such as the *Children's Health Insurance Program*.

As Ahrens outlined, interventions such as guarantee issue and rate bands initially did increase the enrollment of small employers back in the early 1990s, Ahrens said. The group purchasing options have not grown in enrollment as rapidly as TDI expected. The *Texas Insurance Purchasing Alliance* eventually was phased out. And the Healthy Kids program eventually folded after it began competition with CHIP.

The health insurance risk pool has guaranteed an option for health insurance of the last resort, Ahrens. The average premium for an enrollee is \$490 per month, although it can be as high as \$1,800 per month. Under state law, the premium can be no more than 200 percent of the average market rate, depending up on the type of plan and the health conditions of the enrollee, Ahrens said.

Still, despite the high premiums, the risk pool continues to run at a loss. That cost is picked up through insurance industry fees, Ahrens said.

Consumer choice options have yielded some increases in enrollment. Ahrens estimated that 10 percent of enrollees in the alternative "mandate lite" health insurance option were not previously insured. That's not the levels the agency wanted to see, but it does appear to have provided people with the chance to maintain insurance rather than drop insurance altogether due to the rising cost of premiums.

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