



## Cover Texas Now: Quality Affordable Coverage and a Sustainable Health Care System

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### Maximizing Healthcare for Texans

Rising costs and the recent recession have in part left one-out-of-four Texans uninsured, or 6.4 million people. Small businesses pay, on average, 18 percent more than large businesses for the same coverage and health insurance premiums have gone up three times faster than wages in the past 10 years. And while the cost of health insurance is steadily rising, benefits are shrinking with deductibles increasing on average 77% from 2003 to 2009.

**The Texas Legislature has an opportunity to improve and expand health insurance coverage this session by:**

- Creating a state-based health insurance exchange, and
- Ensuring that the Texas Department of Insurance can enforce consumer protections that increase access to health insurance and health care.

### Create a State-Based Health Insurance Exchange

The Affordable Care Act (commonly called federal health reform) creates new health insurance “exchanges” that will open in 2014. An exchange is a competitive marketplace for health insurance—think of Travelocity for airplane tickets and Amazon for books—that will give consumers more control, quality choices, and better protections when buying health insurance. More than 3 million Texans who are currently uninsured could get coverage through the exchange starting in 2014.

***The Texas Legislature should start building a strong Texas insurance exchange to help families and small businesses get affordable insurance in 2014.***

### Key features of an exchange:

- Consumers can easily compare and select private insurance options based on their price, benefits, and quality.
- Sliding-scale federal subsidies are available to keep premiums and out-of-pocket cost-sharing (like deductibles and co-payments) affordable for low- and moderate-income families.
- A “no wrong door” approach will help prevent gaps in coverage as families move between Medicaid or CHIP and the exchange as family incomes change.
- Self-employed Texans and small businesses will get to purchase coverage from the same exchanges as members of Congress.
- Many small businesses will qualify for tax credits that save them up to half of the cost of coverage.
- Health plans in the exchange will meet basic requirements, so you’ll get value for your dollar.

### A Texas Exchange that Works for Consumers

States can choose to set-up and run their own exchanges. If they don’t, the federal government will. To ensure that Texas has a state-based exchange, the Legislature must pass a bill to create an

exchange this session. States have broad flexibility in designing exchanges. To ensure that a Texas exchange works for consumers it should:

- Have governance that is free from conflicts of interest— no insurers or agents on the board.
- Create a level playing field for health insurance sold both inside and outside of the exchange.
- Be open, transparent, and accountable to Texas small businesses and consumers.
- Have a robust Navigator program that trains and certifies community groups and others to assist low-income and hard-to-reach populations with enrollment.
- Be fully interoperable with the Medicaid/CHIP enrollment system to ensure seamless transitions.
- Allow the exchange to leverage its market power, just as larger employers do, to get good deals for Texas small businesses and individuals.

### **Ensuring the State can Enforce Important New Consumer Protections**

#### **Better Access to Health Insurance and Health Care**

Many popular consumer protections in federal law have already gone into effect, including:

- No lifetime limits;
- Young adults can stay on their parent’s coverage until age 26;
- No denials of coverage and coverage waiting periods for children with pre-existing conditions;
- No cancellation of coverage when a person gets sick;
- Strengthened internal and external appeals processes; and
- No co-pays or other out-of-pocket costs for effective, recommended preventive care.

These important protections will increase access to health insurance and health care for Texans. But right now, the Texas Department of Insurance (TDI) cannot use its full range of monitoring and enforcement tools to ensure that Texas consumers benefit from these protections. Instead, Texas must rely on voluntary compliance from insurance companies. If that doesn’t work, federal regulators may have to step in to protect Texas consumers.

***The Texas Legislature must make sure the Texas Department of Insurance can enforce these popular new consumer protections.***

To ensure that Texans get the full benefits of increased access to insurance and better coverage, the Texas Legislature should pass “conforming” laws that put these popular federal protections into state law. This step will allow TDI to fully enforce these consumer protections.

#### **Hold Insurers Accountable for Premium Increases**

TDI has no authority to oversee health insurance costs, which prevents the agency and the public from knowing if health insurance rates and rate increases are justified. So if an insurance company wants to raise your rates they can do so with little to no oversight.

***The Texas Legislature should follow the lead of states like Colorado and review health insurance rate increases before they take effect.***

Not only is this practice out of line with how Texas oversees other types of insurance (like homeowners and auto insurance), it is out of line with how most states oversee health insurance.

The Texas Legislature should authorize TDI to approve or deny health insurance rate increases before they are charged to consumers, so Texas consumers will know that the rate hikes they must pay are justified and fair.