

Healthy Texas Enrollment Report



HealthyTexas

Submitted by the
Texas Department of Insurance

February 2012

Executive Summary

This report was developed to fulfill the statutory¹ requirement that the Texas Department of Insurance (TDI) provide an annual Healthy Texas enrollment update to the legislature, as well as limitations on future enrollment to ensure that a substantial increase in funding is not necessitated. In addition, this report provides a high-level update of Healthy Texas operations to date.

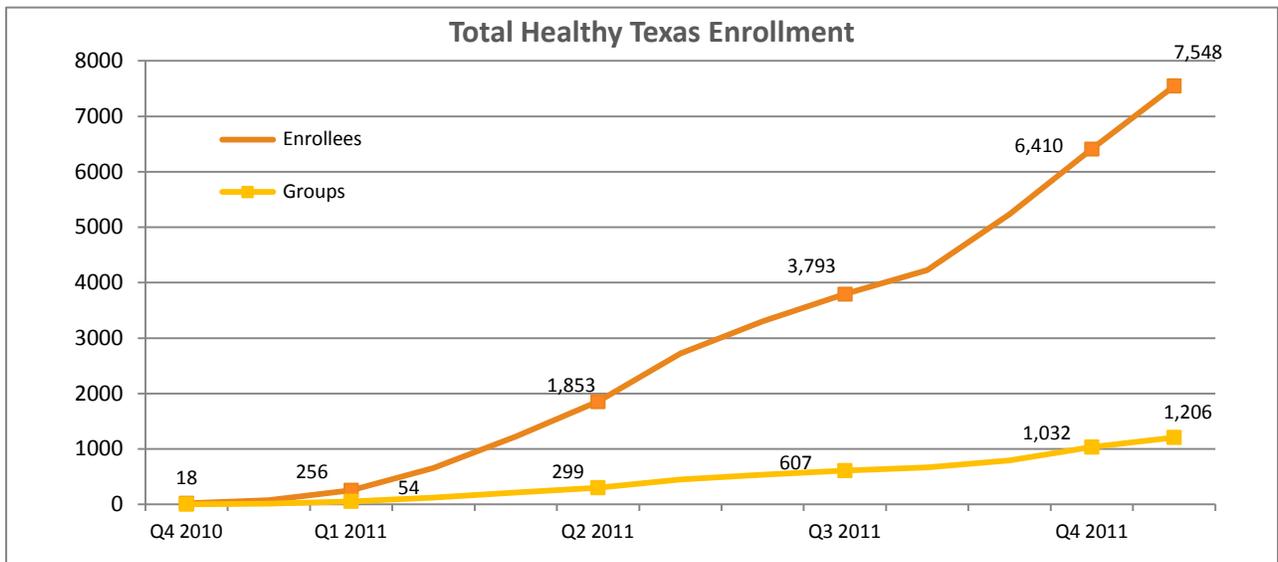
Building on the existing employer-based insurance model, Healthy Texas relies on, and benefits from, the private market for health insurance. Healthy Texas specifically targets small firms that have not provided health insurance to their employees. This market-based product provides small business owners the ability to insure their employees, their families, and themselves at a price that is an average of one-third less than the commercial market.

Healthy Texas Enrollment

Since the start of enrollment in November 2010, more than 1,200 businesses and 7,500 individuals have enrolled in Healthy Texas plans. With the help of a far-reaching educational campaign, Healthy Texas continues to add uninsured small businesses to its commercial coverage.

Based on the results of a competitive procurement process, TDI awarded UnitedHealthcare and Celtic Insurance statewide contracts as Healthy Texas commercial carriers in the fall of 2010. These carriers have invested significant time and resources to implement Healthy Texas. Celtic Insurance began enrolling uninsured Texas small businesses in November 2010 and UnitedHealthcare began in January 2011. The Total Healthy Texas Enrollment chart demonstrates the steady increase in program participation.

Total Enrollment	
•	1,206 Groups
•	7,548 Total Enrollees
•	5,126 Employees
•	2,422 Dependents



¹ Texas Insurance Code - § 1508.257 (b)

Based on the most recent data received from participating carriers,² 1,206 small businesses have enrolled in Healthy Texas. The total program enrollment is 7,548, which includes 5,126 employees and 2,422 dependents.

Depending on availability and timing of funding, Healthy Texas will likely end enrollment in July 2012, after enrolling approximately 15,000 participants.

If no additional funding is allocated, actuarial projections indicate that Healthy Texas coverage will end for all enrollees in August 2013.

Operations

Healthy Texas was developed to assist uninsured working Texans. To assist small employers in purchasing health insurance, the 80th Texas Legislature enacted Senate Bill (SB) 10, which directed TDI to make recommendations to create a program to offer health insurance to small businesses and their employees.

In 2007, a group of Texas policymakers and TDI began thinking about how to develop a Texas-based solution for uninsured small businesses. Based on TDI’s extensive six-year study of the small group market and the direction of this group of policymakers, TDI submitted a Healthy Texas Phase I report to the Legislature in November 2007.³ The recommendation provided a comprehensive, sustainable program—designed by Texans for Texas—that created a unique, public/private partnership between insurers, providers, agents, employers, employees, local government, and the state.

The 81st Texas Legislature enacted SB 78 to create Healthy Texas.⁴ The Legislature’s appropriation of \$35 million for the biennium reduces Healthy Texas premiums by an average of one-third compared to commercial rates. However, for the enrollee, Healthy Texas operates like any private-market plan.

Ongoing insurance trends demonstrate the continued need for Healthy Texas. As illustrated in the following table,⁵ in 2010 more than 95 percent of large firms offered insurance to their employees, while less than 32 percent of small firms (those with 50 or fewer employees) did.

Private Sector Firms in Texas	2009			2010		
	Total	Small (<50 employees)	Large (>50 employees)	Total	Small (<50 employees)	Large (>50 employees)
Number of Firms	450,240	324,554	125,685	475,220	329,619	145,602
Percent offering insurance	50.9%	34.2%	94.0%	51.0%	31.4%	95.3%

² Provided on 12/23/2011 by Healthy Texas insurance carriers

³ www.tdi.texas.gov/reports/life/documents/hlthtyxph1rpt08.pdf

⁴ www.statutes.legis.state.tx.us/Docs/IN/pdf/IN.1508.pdf

⁵ Agency for Healthcare Research and Quality, 2010 Medical Expenditure Panel Survey – Insurance Component

Program Administration

Healthy Texas is structured to require minimal administrative oversight to keep costs low. TDI is responsible for the administrative operations of the program while commercial carriers provide the health plans. TDI has dedicated staff managing the administrative operations of the program.

TDI, in partnership with the Health and Human Services Commission (HHSC), applied for and secured federal Health Resources and Services Administration (HRSA) funding of \$4.9 million per year for the 2009 and 2010 fiscal years. The annual funding of the HRSA grant ended in August 2011. However, Texas has received federal approval for a no-cost extension through August 31, 2013, to provide ongoing funding of Healthy Texas administrative costs. TDI applied grant funds not used for administration to expand the number of businesses that can enroll.

The 3-Share programs (referred to as “regional and local health care programs” under Texas Health and Safety Code Chapter 75) offer basic health benefit coverage to small businesses. Pursuant to the statute, 3-Shares may participate in Healthy Texas, and Healthy Texas staff is reviewing their applications for participation.

Premium Stabilization Fund

Healthy Texas uses a state premium stabilization fund (PSF) to reimburse participating carriers for qualifying health care claims costs within statutorily established limits. The PSF reimburses participating health insurance carriers 80 percent of the paid claims cost if an enrollee’s total claims fall between \$5,000 and \$75,000 in a calendar year.

Healthy Texas Premium Stabilization Fund	
Per Person Annual Claims Costs	Responsibility
\$0 - \$5,000	Private insurer pays 100%
\$5,000 - \$75,000	Healthy Texas pays 80% Private insurer pays 20%
\$75,000 +	Private insurer pays 100%

Reimbursement to participating carriers occurs twice each year—in August for claims paid January to June, and in February for claims paid July to December. In August 2011, the January to June PSF reimbursements totaled \$296,956.

Participating carriers submit comprehensive enrollment and cost data each month to TDI. Healthy Texas staff reviews the data monthly and provides it to Healthy Texas’ contracted actuarial firm, Milliman, Inc. Milliman monitors the enrollment and financial experience of the program and provides premium stabilization fund management reports to TDI.

Employer Qualifications

To ensure that the program reaches those employers and employees that are currently uninsured, small businesses must meet the following statutorily defined eligibility criteria:

- have between two and 50 eligible employees,
- be located in Texas,
- have not provided health insurance as a benefit within the past 12 months prior to applying for Healthy Texas (there are exceptions for employers who offer health plans with relatively few benefits and very low cost),
- at least 30 percent of eligible employees are paid gross wages of no more than \$32,670 annually from the employer (this salary figure is 300 percent of the federal poverty level and may change slightly each year),
- at least 60 percent of eligible employees must sign up for Healthy Texas,
- the employer must pay at least 50 percent of the monthly health insurance premium on behalf of its full-time employees, and
- the employer must offer coverage to dependents of employees.

Benefit Plan Details and Cost

As illustrated in the Healthy Texas Plan charts, Healthy Texas offers employers flexibility with standard benefit plan deductibles ranging from \$500 to \$2,500. Employees are responsible for deductibles, co-insurance, and co-payments.

With the passage of the Patient Protection and Affordable Care Act (H.R. 3590), plans restructured benefits to comply with the appropriate requirements.

Healthy Texas Plans					
Plan Basics	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Annual Deductible	\$500 (3x for family)	\$1,500 (3x for family)	\$2,000 (3x for family)	\$2,500 (3x for family)	\$2,500 (Individual); \$5,000 (Family)
Coinsurance	20%	20%	20%	30%	20%
Plan Basics (continued)	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Out of Pocket Maximum (Including Deductible)*	\$2,000	\$3,000	\$4,000	\$5,000	\$5,000 (Individual); \$10,000 (Family)
Annual Maximum Benefit per Person	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000

Hospital Benefits	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Inpatient Hospital Stay	Subject to deductible/coinsurance				
Outpatient Hospital Surgery	Subject to deductible/coinsurance				
Hospital Outpatient Radiology/Pathology and Diagnostic Tests	Subject to deductible/coinsurance				
Emergency Room Visits	\$125 co-payment (waived if admitted)		\$200 co-payment (waived if admitted)	\$250 co-payment (waived if admitted)	Deductible then \$250 co-payment (waived if admitted)
Maternity	Subject to deductible/coinsurance				
Skilled Nursing Facility	Included in inpatient hospital benefits				

Physician Benefits in IP / OP Facility	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Inpatient Hospital Care	Subject to deductible/coinsurance				
Outpatient Hospital Care	Subject to deductible/coinsurance				
Radiology, Pathology	Subject to deductible/coinsurance				

Physician Benefits in Office	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Physician Office Visit Limit and Co-payments	\$25 co-payment (except for certain preventive services)		<ul style="list-style-type: none"> • \$20 co-payment for primary care provider (PCP) • \$40 co-payment for specialist (except for certain preventive services) 	<ul style="list-style-type: none"> • \$25 co-payment for primary care provider (PCP) • \$50 co-payment for specialist (except for certain preventive services) 	Subject to deductible/coinsurance (except for certain preventive services)
Types of Visits Included	<ul style="list-style-type: none"> • Office/Home Visits • Well Baby Exams • Physical Exams • Consults • Physical Therapy 				
Urgent Care Visits	\$50 co-payment			\$75 co-payment	Subject to deductible/coinsurance
Maternity	\$25 for initial prenatal visit		\$20 for initial prenatal visit	\$25 for initial prenatal visit	Subject to deductible/coinsurance
Immunizations (Adult and Children)	Covered at 100%				
Vision Exams	Not Covered				
Chiropractor	Not Covered				
Podiatrist	Not Covered				
Radiology and Pathology Performed in Office Setting	Subject to deductible/coinsurance				
Miscellaneous medical services, including therapeutic injections, allergy testing, allergy immunotherapy, cardiovascular and other	Subject to deductible/coinsurance				

Psychiatric and Substance Abuse Services	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Inpatient	<ul style="list-style-type: none"> • Subject to deductible/coinsurance • Unlimited days/year 				
Outpatient	<ul style="list-style-type: none"> • \$25 co-payment • Unlimited visits/year 		<ul style="list-style-type: none"> • \$20 co-payment • Unlimited visits/year 	<ul style="list-style-type: none"> • \$25 co-payment • Unlimited visits/year 	<ul style="list-style-type: none"> • Subject to deductible/coinsurance • Unlimited visits/year

Other Services	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Ambulance	Subject to deductible/coinsurance				
Private Duty Nursing and Home Healthcare	Not Covered				
Durable Medical Equipment and Medical Supplies/Prosthetics	Not Covered				
Dental	Not Covered				
Glasses/Contacts	Not Covered				

Exclusions	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
	6/12 Pre-existing condition limitation (for adults only, any preexisting condition identified in the 6 months prior to coverage beginning are excluded from coverage for a 12 month period)				

Out-of-Network Benefits	
	• Not covered except for out of area emergencies

Prescription Drugs	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Deductible	\$200	\$500	\$500	\$500	Annual deductible
Generic Co-payment	\$10	\$10	\$10	\$15	Annual deductible then \$10
Brand Co-payment - Formulary	\$25	\$25	\$35	\$45	Annual deductible then \$50
Brand Co-payment - Non-formulary	\$50	\$50	\$60	\$80	Annual deductible then \$75
Mail-order Co-payment	90-day supply generic and brand for 2x retail co-payment				
Generic Penalty	Waived if dispense as written				

*Co-payments do not accumulate toward the out of pocket maximum.

Prescription drugs are not included in the out of pocket maximum except in the health savings account plan.

Healthy Texas carriers are only allowed to consider the ages and genders of the group members and the geographic location of the business as rating factors.

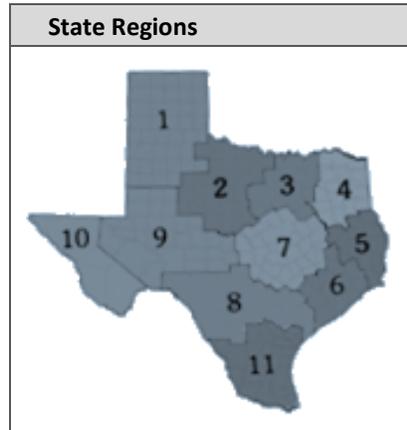
Average Healthy Texas Total Premium ⁶			
Employee	+ Spouse	+ Children	+ Family
\$334.50	\$721.87	\$603.68	\$1,058.34

⁶ The amount listed is the average total premium across all plan options. Employers must pay at least 50 percent of the total premiums.

Demographics

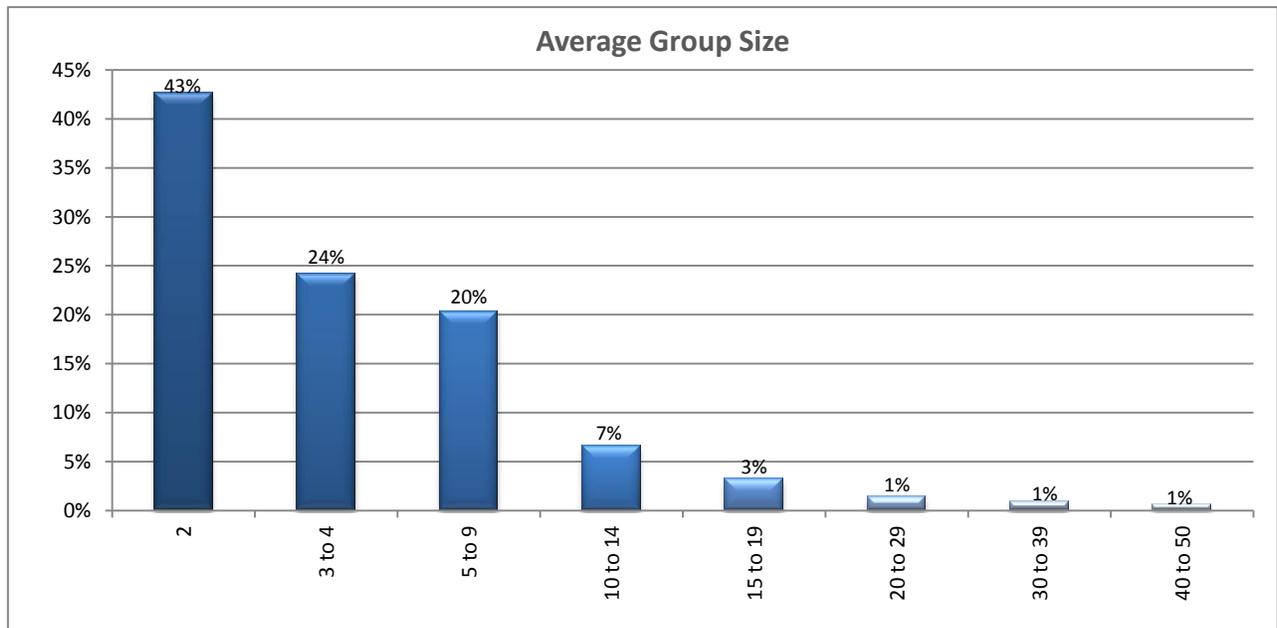
Healthy Texas has enrolled businesses throughout the state, in all 11 Health and Human Service regions.

Location of Enrolled Businesses	%	#
High Plains	2%	1
Northwest Texas	1%	2
Metroplex	36%	3
Upper East Texas	2%	4
Southeast Texas	2%	5
Gulf Coast	21%	6
Central Texas	14%	7
Upper South Texas	11%	8
West Texas	3%	9
Upper Rio Grande	1%	10
Lower South Texas	7%	11

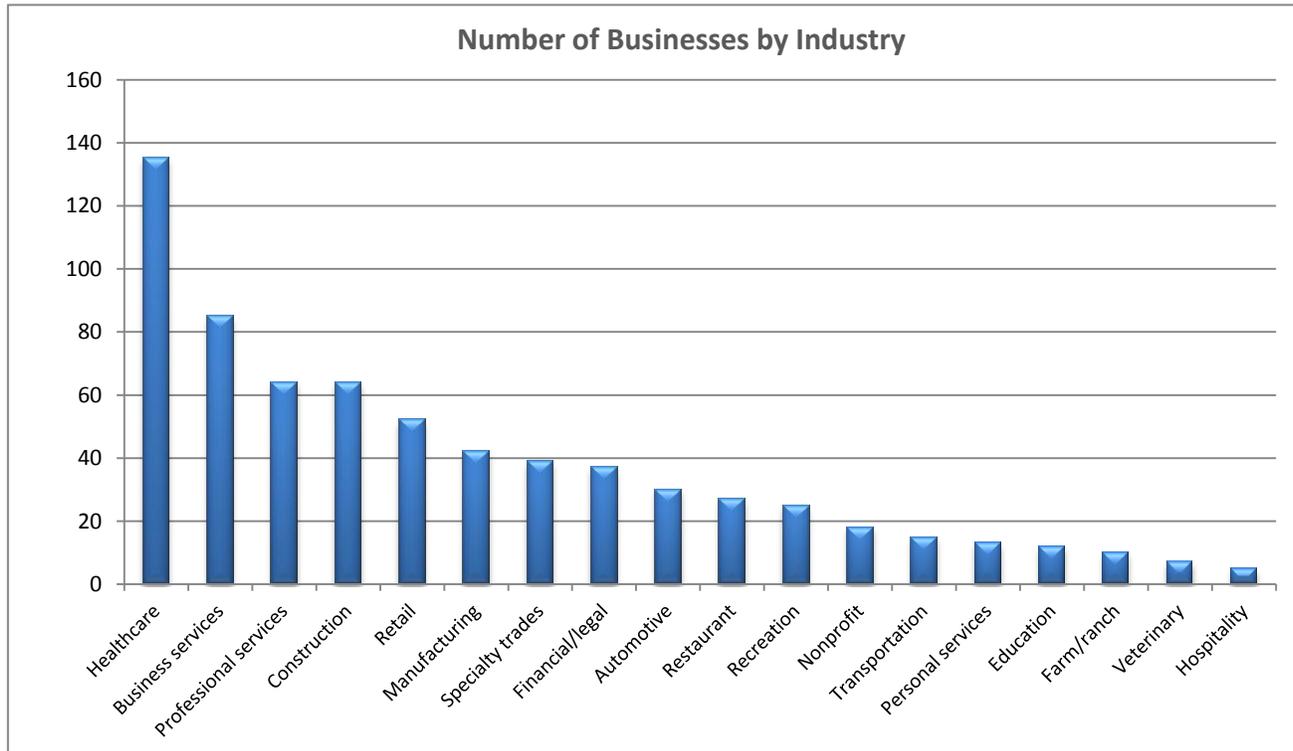


More than 70 percent of eligible employees earn less than 300 percent of the federal poverty level (As of January 2011, 300 percent of the Federal Poverty Level is \$32,670 for an individual).

Of the previously uninsured businesses that are now enrolled in Healthy Texas, 87 percent employ fewer than nine people.



Employers in the health care industry (e.g., physicians’ offices, physical therapists, mental health professionals, medical equipment providers) make up 20 percent of Healthy Texas groups.



Healthy Texas groups are split almost evenly between professional and service industries with 53 percent in a professional industry and 47 percent in a service industry.

Healthy Texas Industries	
Professional	53%
Service	47%

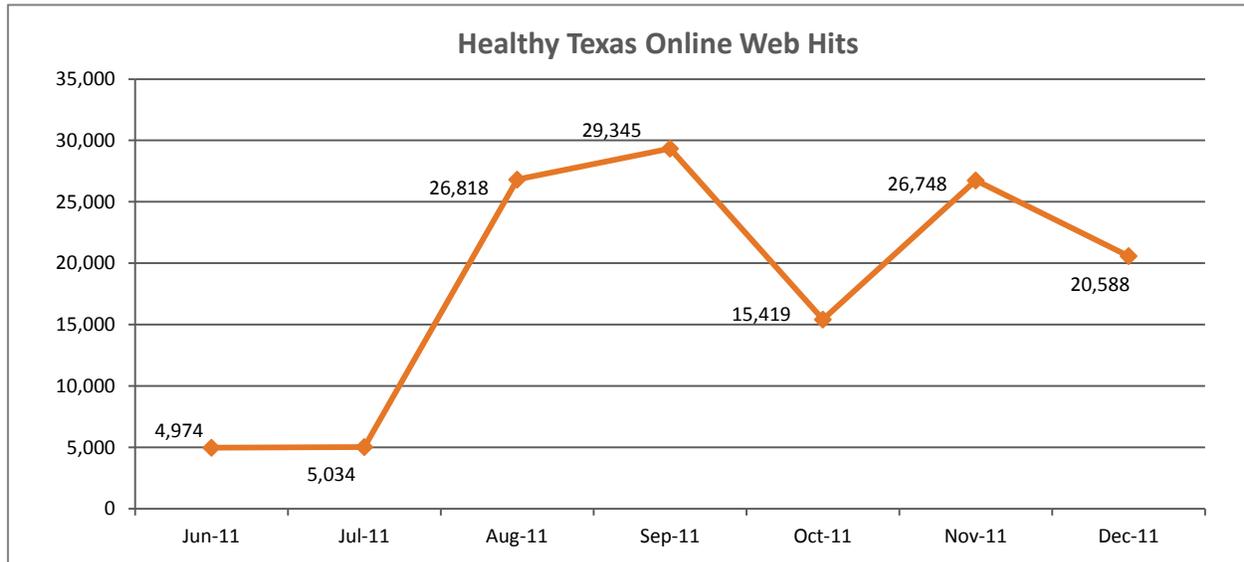
Marketing and Outreach

TDI published a marketing Request For Proposals in November 2010 and awarded a contract for marketing services to Sherry Matthews Advocacy Marketing. Sherry Matthews conducted extensive research to effectively target employers, including: focus groups with employers, employees, and insurance agents; stakeholder interviews; and an online employer survey.

A statewide marketing campaign began in August 2011 that included advertising through the internet, print publications, billboards, radio, and television. The campaign targets Austin, Corpus Christi, Dallas, Fort Worth, El Paso, Houston, Lubbock, San Antonio, and the Rio Grande Valley.

TDI launched a redesigned Healthy Texas website, www.HealthyTexasOnline.com, in the summer of 2011.

This campaign resulted in increased website hits from a monthly average of 5,000 to more than 26,000 in August 2011 and 29,000 in September 2011.⁷



Healthy Texas staff participated in 19 outreach events throughout the state and TDI staff has distributed over 29,000 Healthy Texas flyers at events from January 2010 to September 2011.

Next Steps

In order to maintain the increased employer participation in Healthy Texas, TDI will continue actively marketing and conducting statewide outreach and education in partnership with UnitedHealthcare, Celtic Insurance, local legislators, chambers of commerce, and business advocacy groups.

TDI is planning an insurance carrier audit to review their processes for verifying employer eligibility and for processing and paying claims. Additionally, TDI will implement a survey of enrollees to collect information from small businesses and employees about their experience with Healthy Texas.

⁷ Visits to www.HealthyTexasOnline.com homepage; includes internal and external hits