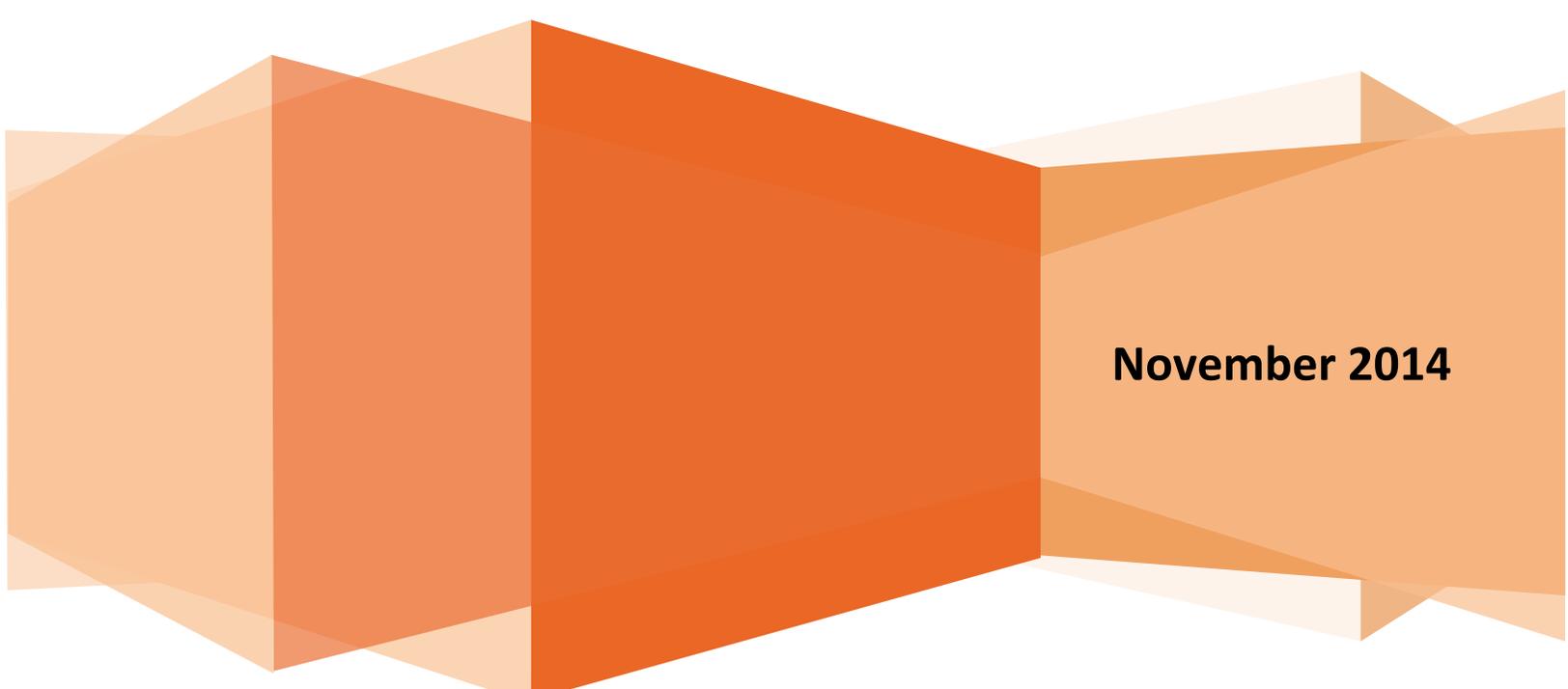


Texas Department of Insurance

HealthyTexas |

Annual Enrollment Report



November 2014

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EXECUTIVE SUMMARY

Small employers in Texas have often identified cost as a major barrier to offering health insurance as a benefit to employees.¹ Healthy Texas was enacted in 2009, as an innovative partnership drawing on the expertise of private insurance carriers to provide comprehensive health insurance at a lower cost to employers, their employees, and families. This report covers fiscal year 2014, Healthy Texas' fourth, and last, full year of operations.

Healthy Texas' statutorily mandated goals were to

- provide access to quality small employer health benefit plans at an affordable price
- encourage small employers to offer health insurance coverage to employees and their dependents, and
- maximize reliance on proven managed care strategies and procedures.²

By partnering with two private insurance carriers and leveraging state funds to insulate those carriers from high cost claims, Healthy Texas plans were offered at an average of 30 percent lower than comparable plans in the traditional small employer market. Employers and employees paid about \$83.8 million for Healthy Texas premiums through December 2013, an estimated savings of \$36 million over comparable full-cost small group coverage. Employers and employees who enrolled in coverage cited a high rate of satisfaction in the comprehensive benefits offered, and affordability was a motivating factor in continuing coverage. Employers in all 11 of the state's Health and Human Services Regions and in 136 counties participated in Healthy Texas.

More than 2,500 employers with low-wage workers who were not previously offering their employees health insurance were able to provide coverage to more than 22,000 employees and their families since Healthy Texas began enrolling in November 2010. Eight out of 10 Healthy Texas employers had never offered health insurance before enrolling in Healthy Texas. Almost 70 percent of the employees of Healthy Texas employers earned less than 300 percent of the federal poverty level (FPL). Nevertheless, an average of 83 percent of eligible employees purchased the coverage.

HEALTHY TEXAS AT A GLANCE	
Employers enrolled	2,554
Lives covered	22,046
Participation rate	83%
Percentage of Low-wage workers	69.7%

Since the initial \$36 million appropriated in 2009 when the bill was enacted, the Legislature has not provided additional funding for Healthy Texas. In August 2012, TDI suspended enrollment to new groups based on data about claims activity from the carriers and analysis of remaining funds. TDI did not allow groups with existing Healthy Texas coverage to renew after December 1, 2013, so all existing coverage ends by November 30, 2014.

¹ Healthy Texas Phase I Report, Texas Department of Insurance, November 2008, available at: <http://www.tdi.texas.gov/reports/life/documents/hlthytxph1rpt08.pdf>

² Texas Insurance Code - Section 1508.001

INTRODUCTION

For the last four years, employers throughout Texas have been providing health insurance to employees through an innovative project partnering the state with private insurers. By working together, the state and the private insurers were able to take advantage of each other's expertise and resources to provide more affordable comprehensive health insurance options to small employers, who in a study directed by the Legislature cited cost as a significant reason for not offering coverage.³

This partnership, Healthy Texas, was born from recommendations in TDI's study on ways to make health insurance more accessible to small employers and their employees. The study was requested by the 80th Legislature, Regular Session, in Senate Bill (SB) 10, which followed six-years of TDI research on the small employer group insurance market in Texas.

The 81st Legislature enacted those recommendations as Healthy Texas in SB 78 in 2009. The Legislature appropriated \$36 million for operations and premium stabilization to offset insurer costs to enable lower premiums. The legislation targeted small employers with low-wage workers that were not previously offering health insurance to employees. After contracting with two health insurance carriers, Celtic Insurance and United Healthcare (UHC), TDI opened enrollment in November 2010. Premiums for Healthy Texas average about 30 percent less than comparable small employer coverage. Employers and employees paid about \$83.8 million for Healthy Texas premiums through December 2013, an estimated savings of \$36 million over comparable full-cost small group coverage.

This report fulfills the statutory⁴ requirement that TDI provide an annual Healthy Texas enrollment update to the Legislature to ensure enrollment has not exceeded the available funding. Additionally, this report confirms that all Healthy Texas coverage will end by November 30, 2014.

PROGRAM WIND DOWN

In addition to state appropriations, Healthy Texas received \$13.5 million in federal grant funds through the State Health Access Program. TDI used the additional federal funds to enhance the Premium Stabilization Fund (PSF), support outreach to the small business community, and to procure actuarial analysis to assist in managing the PSF. Since Healthy Texas began enrolling in November 2010, the Legislature had not provided an additional appropriation, but has given TDI the authority to carry unexpended balances forward into subsequent years.

End of renewals

When the Legislature created Healthy Texas, it tasked TDI with administration of the program and management of the PSF. To ensure PSF expenditures did not exceed available funds, TDI could suspend enrollment.⁵ In August 2012, TDI closed Healthy Texas' enrollment to new groups. Employers with existing Healthy Texas coverage and plan anniversary dates on or before December 1, 2013, renewed coverage for one final plan year.

³ Healthy Texas Phase I Report, Texas Department of Insurance, November 2008, available at: <http://www.tdi.texas.gov/reports/life/documents/hlthytxph1rpt08.pdf>

⁴ Texas Insurance Code - Section 1508.257(b)

⁵ Texas Insurance Code - Section 1508.258

Notice and guidance to employer groups

The Healthy Texas insurance carriers worked with TDI to develop a nonrenewal notification letter for groups as they approached the end of their plan years beginning December 1, 2013. Each carrier provided at least a 45-day notice to employers:

- letting them know that their Healthy Texas plan would not be renewed
- describing any conversion options if available
- describing other coverage options through the carrier, and
- directing employers and employees to other resources, including TDI, for guidance in exploring other health insurance options.

The carriers began distributing these notices to affected employers and employees beginning mid-November 2013. The final groups will reach the end of their plan year on November 30, 2014, ending all coverage in Healthy Texas. Because PSF reimbursement relates to the date claims are paid, carriers will submit two more requests for reimbursement from the PSF. One is for claims paid between July 2014 and December 2014 and another for any lag claims paid after January 1, 2015. TDI will finalize all reimbursements and close the PSF before the end of fiscal year 2015.

When groups began terminating from Healthy Texas coverage, TDI asked for information from participating carriers to provide any information they had about whether those groups enrolled in other small employer group coverage. Celtic Insurance does not currently offer small employer group coverage outside of Healthy Texas, so it did not have any data on what avenues employers pursued after ending coverage. Through June 30, 2014, UHC has transitioned 49 percent of its 639 terminating groups into comparable UHC coverage. UHC did not have comprehensive data on whether groups elected coverage with a different issuer. UHC reported less than one percent of groups switched to a different issuer, but did not know whether the remaining 50.4 percent switched or became uninsured.

PROGRAM BACKGROUND

For nearly a decade, TDI conducted extensive research into the nature of the employer-sponsored insurance market in Texas by looking at employers who were and were not able to offer insurance coverage to employees as a benefit. Using information about the barriers small employers cited for not offering coverage, the Legislature created Healthy Texas as an affordable alternative. The legislation aimed to bring new small employers, with lower-wage workers that did not have a recent history of offering health insurance coverage, into the market without disrupting the market for employer groups already offering coverage.

Public-private partnership

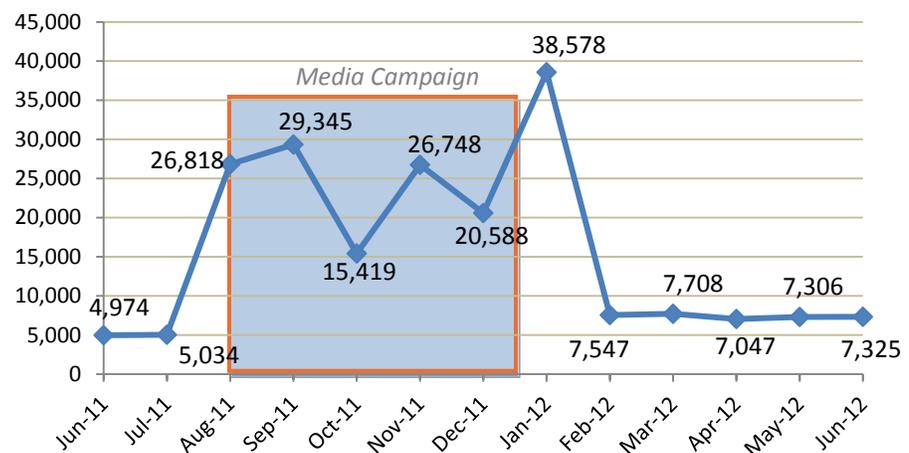
For Healthy Texas, TDI partnered with private commercial insurance carriers to offer comprehensive coverage to eligible small employers and their employees at a lower cost. One method for keeping premiums low was to keep administrative costs for the program in check. Partnering with private insurance helped Healthy Texas administration remain low by using the existing capacity of the commercial carrier partners. The carriers took on responsibilities already familiar to their organizations such as enrollment, benefits administration, and provider reimbursement. They also used the carriers' existing agent networks to perform outreach to small

employers seeking health insurance throughout the state. Additionally, TDI partnered with an outside marketing firm to help brand Healthy Texas and conduct a large-scale marketing campaign. As noted previously, a key aspect of TDI’s responsibilities was managing the PSF and monitoring enrollment to ensure costs did not exceed appropriations. TDI reviewed monthly enrollment and claims reports from the partner carriers, Celtic Insurance and United Healthcare, and used an outside actuarial firm to conduct periodic analysis and provide spending projections. More information about the PSF is provided later in this report.

TDI staff provided direction to carriers, responded to consumer inquiries, conducted outreach at events throughout the state, evaluated carrier requests, and worked to ensure contractor accountability. TDI also directed periodic independent empirical studies targeted to key performance indicators, including an employee satisfaction survey and insurance carrier audit described later in this report.

Healthy Texas could only be successful if employers knew about the available coverage and how to access it. To help spread the word, TDI enlisted the services of Sherry Matthews Advocacy Marketing (SMAM), a social marketing firm, to develop an effective outreach plan. After extensive research including focus groups with employers, employees, insurance agents, stakeholder interviews, and an online employer survey, SMAM developed two statewide marketing campaigns to inform the public about Healthy Texas through the Internet, print publications, billboards, radio ads, and television ads between August 2011 and December 2011. TDI also launched the redesigned Healthy Texas website at www.HealthyTexasOnline.com and examples of the television and radio ads are available at <http://www.healthytexasonline.com/media/index.html>. As shown in Figure 1, the marketing campaigns produced an increase in website traffic in the first month and further gains the following months.

Figure 1: Web Hits from Media Campaign



Employer qualifications

One of the primary goals of Healthy Texas was to bring new employers that were the least able to afford health insurance into the health insurance market without disrupting the existing market for other small employers. As a result, the Legislature defined a clear set of eligibility criteria employers needed to meet to participate in Healthy Texas.

As described in the enabling legislation, to be eligible for Healthy Texas an employer had to:

- have between two and 50 employees
- be located in Texas
- not have provided health insurance as a benefit within 12 months prior to applying, except for employers who offered health plans with relatively few benefits and very low cost

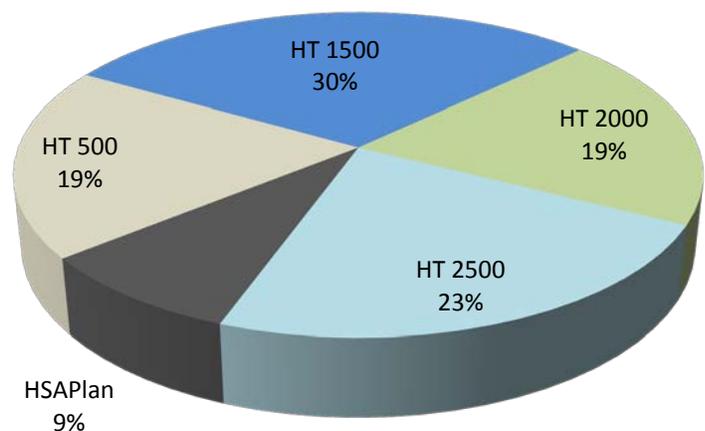
- pay at least 30 percent of its employees' wages at or below 300 percent of FPL (\$34,470 annually in 2013, the final year of renewals)
- get at least 60 percent of its employees to sign up for Healthy Texas
- pay at least 50 percent of the monthly health insurance premium on behalf of each participating employee, and
- offer coverage to dependents of participating employees.

Plan benefits

One unique aspect of Healthy Texas was the use of standardized plans between carriers. By agreeing to participate in Healthy Texas, carriers agreed to offer standardized Healthy Texas plans to eligible employers, with only minor variations. In the first year of Healthy Texas, all plans offered by both carriers either had a \$500 deductible, a \$1,500 deductible, or were a high-deductible, health savings account (HSA) model. In following years, TDI expanded the allowable Healthy Texas plans to include \$2,000 and \$2,500 deductible options in addition to the three plans previously offered.

Employers showed varied interest in the plan options. Among all groups who enrolled in Healthy Texas, employers selected the \$1,500 deductible plan most often. About 30 percent of all employers selected the \$1,500 deductible plan. The next most popular plan was the \$2,500 deductible. Only 9 percent of Healthy Texas employers enrolled in the HSA plan. Employers could select a different plan when they renewed coverage, but most (86 percent) opted to keep the same coverage. Figure 2 shows the percent of employers that selected each plan option.

Figure 2: Enrollment by Plan Type



Employees were able to choose coverage in four tiers for

- just the employee,
- the employee and children,
- the employee and a spouse, or
- the entire family.

Each plan required varied levels of cost sharing from enrollees up to a defined out-of-pocket maximum. Under the plans, enrollees were responsible for an annual deductible, coinsurance, and copayments. Plans did not cover out-of-network costs except for emergencies that occurred outside of the plan service area. The following benefits were not part of any Healthy Texas plan (except as a possible value-added service):

- private duty nursing and home health care
- durable medical equipment and medical supplies or prosthetics
- dental services, and
- glasses or contacts.

Table 1 shows a summary of Healthy Texas benefits and cost-sharing requirements.

Table1: Healthy Texas covered services

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 (2x for family)
Coinsurance	20%	20%	20%	30%	20%
Out-of-Pocket Maximum (Including Deductible)*	\$2,000	\$3,000	\$4,000	\$5,000	\$2,500 (2x for family)
Annual Maximum Benefit per Person	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Hospital Benefits	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Inpatient (IP) Hospital Stay	Subject to deductible, coinsurance				
Outpatient (OP) Hospital Surgery	Subject to deductible, coinsurance				
Hospital OP Radiology, Pathology, and Diagnostic Tests	Subject to deductible, coinsurance				
Emergency Room Visits	\$125 copayment (waived if admitted)		\$200 copayment (waived if admitted)	\$250 copayment (waived if admitted)	Deductible then \$250 copayment (waived if admitted)
Maternity	Subject to deductible, coinsurance				
Skilled Nursing Facility	Included with IP hospital benefits				
Physician Benefits in Inpatient (IP) or Outpatient (OP) Facility	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
IP Hospital Care	Subject to deductible, coinsurance				
OP Hospital Care	Subject to deductible, coinsurance				
Radiology or 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 Copayments	\$25 copayment (except for certain preventive services)		Copayments: \$20 for primary care provider, \$40 for specialist (except certain preventive services)	Copayments: \$25 for primary care provider, \$50 for specialist (except for certain preventive services)	Subject to deductible and coinsurance (except for certain preventive services)
Types of Visits Included	<ul style="list-style-type: none"> • Office and Home Visits • Well-Baby Exams • Physical Exams • Consults • Physical Therapy 				

Physician Benefits in Office (continued)	Healthy Texas 500 Plan	Healthy Texas 1500 Plan	Healthy Texas 2000 Plan	Healthy Texas 2500 Plan	Healthy Texas HSA Plan
Urgent Care Visits	\$50 copayment			\$75 copayment	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%				
Radiology and Pathology Performed in Office Setting	Subject to deductible, coinsurance				
Miscellaneous Medical Services, Including Therapeutic Injections, Allergy Testing, Allergy Immunotherapy, Cardiovascular, and Others	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
IP	Subject to deductible, coinsurance Unlimited days per year				
OP	\$25 copayment Unlimited visits per year		\$20 copayment Unlimited visits per year	\$25 copayment Unlimited visits per year	Subject to deductible, coinsurance Unlimited visits per 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				
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 Copayment	\$10	\$10	\$10	\$15	Annual deductible, then \$10
Brand Copayment - Formulary	\$25	\$25	\$35	\$45	Annual deductible, then \$50
Brand Copayment - Nonformulary	\$50	\$50	\$60	\$80	Annual deductible, then \$75
Mail Order Copayment	90-day supply generic and brand for 2x copayment				
Generic Penalty	Waived if dispensed as written				

*Copayments 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.

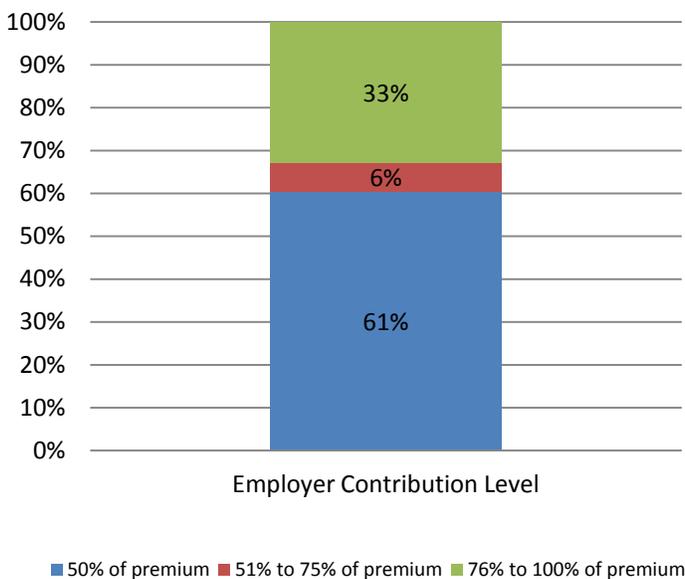
Cost

Group premiums for Healthy Texas plans were based on the deductible level, geographic location of the employer, and the age and gender of participating employees. The cost to employees varied depending on whether the employees chose coverage just for themselves or opted for dependent coverage. Table 2 shows the current average premium for each plan type based on whether it was for the employee only or included one of the three dependent coverage options.

Table 2: Average Healthy Texas Total Premium

Benefit Plan Type	Employee	+ Spouse	+ Children	+ Family
HT 500	\$425.28	\$908.40	\$782.70	\$1,360.06
HT 1500	\$361.26	\$784.82	\$667.27	\$1,157.97
HT 2000	\$352.19	\$771.23	\$660.91	\$1,144.76
HT 2500	\$333.99	\$727.92	\$619.65	\$1,076.75
HT HSA	\$350.16	\$764.65	\$652.12	\$1,132.74
Averages All Plans	\$363.15	\$788.59	\$673.79	\$1,169.42

Figure 3: Employer Percent of Premium



Employers participating in Healthy Texas agreed to pay at least 50 percent of the employee-only premium. About 61 percent of employers paid this minimum amount, as shown in Figure 3, but 39 percent opted to pay more than 50 percent of premiums. About 30 percent of employers paid 100 percent of employee premiums. The vast majority of those employers had fewer than 10 employees, and most had only two or three employees. About 38 percent of employers offered coverage to part-time employees, but only 17 percent of those who did opted to contribute toward the premiums of part-time employees. About 15 percent of participating employers contributed toward dependent premiums.

PREMIUM STABILIZATION FUND

The PSF is another unique feature of Healthy Texas designed to help carriers offer coverage on par with plans available in the traditional small employer health insurance market but at a lower price. As its name describes, the PSF helps insulate carriers from the effects of certain high-cost claims to make claims expenses more predictable allowing contracted carriers to stabilize premiums.

Healthy Texas achieved this premium stabilization by reimbursing contracted carriers 80 percent of medical claims for each member that fell between \$5,000 and \$75,000 annually. The carriers pay 100 percent of claims outside of this range. The Legislature defined this window, referred to as the claims corridor, when it passed the Healthy Texas enabling legislation. Table 3 depicts the claims eligible for PSF reimbursement and

TABLE 3: Healthy Texas Claims Corridor

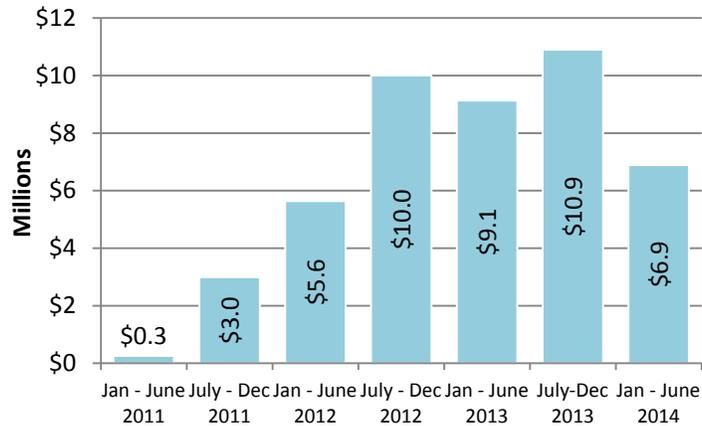
Per Person Annual Claims	Responsibility
\$0-\$5,000	Private insurer pays 100%
\$5,000-\$75,000	Healthy Texas pays 80% Private insurer pays 20%
\$75,000 +	Private insurer pays 100%

the carriers' claim responsibilities.

When the 81st Legislature created Healthy Texas, it appropriated \$36 million toward the PSF and in the two following sessions authorized TDI to carry unexpended balances forward. TDI also obtained a federal grant as part of the State Health Access Program through the U.S. Health Resources and Services Administration, which it dedicated to the PSF. In total, TDI dedicated \$44 million for PSF reimbursements to participating Healthy Texas carriers. The 83rd Legislature designated a source of funds no longer needed by the Texas Health Insurance Pool (Pool), described in more detail in the next section, to cover additional PSF payments during close out.

Carriers submit requests for reimbursement twice annually, in August and February. The first payment, made in September 2011, was for eligible claims paid between January 2011 and June 2011. TDI made six additional PSF reimbursements since September 2011, totaling \$45.8 million, for eligible claims paid through June 2014. Figure 4 shows payments made to date. All Healthy Texas coverage will end November 30, 2014, so carriers will have two more reimbursement requests for claims paid in the 2014 calendar year.

Figure 4: PSF Payments to date



TDI foresees the need for a final reimbursement request in 2015 for lag Healthy Texas claims paid in the first half of the 2015 calendar year. Final claims payments have exceeded the \$5.1 million remaining in the PSF and TDI anticipates using unexpended funds from the Pool for the balance, pursuant to SB 1367.

Health Insurance Pool premium assistance funds

After TDI suspended new enrollment in August 2012, it allowed existing Healthy Texas groups to renew coverage for a final plan year through December 1, 2013. The agency selected December for the last renewal so employers and employees would not have a gap in coverage before new federal health insurance marketplace reforms took effect on January 1, 2014. An outside actuarial firm conducted analysis on enrollment and claims trends and projected that TDI would need an addition \$5 million to \$6 million dollars to allow renewals through December 2013. Additional analysis on claims activity through February 2014 projects the amount needed for the PSF payment to be about \$4.8 million, as shown in Table 4.

Table 4: Projected PSF needed

Payment Due Date	Claims Period	Celtic	UHC	Total	PSF Deficit
Sept 2014	Jan-Jun 2014	\$1.5M	\$5.4M	\$6.9M	(\$1.8M)
March 2015	Jul-Dec 2014	\$0.6M	\$2.3M	\$2.9M	(\$4.7M)
June 2015	Jan-Jun 2015 (lag)	\$22K	\$79K	\$101K	(\$4.8M)

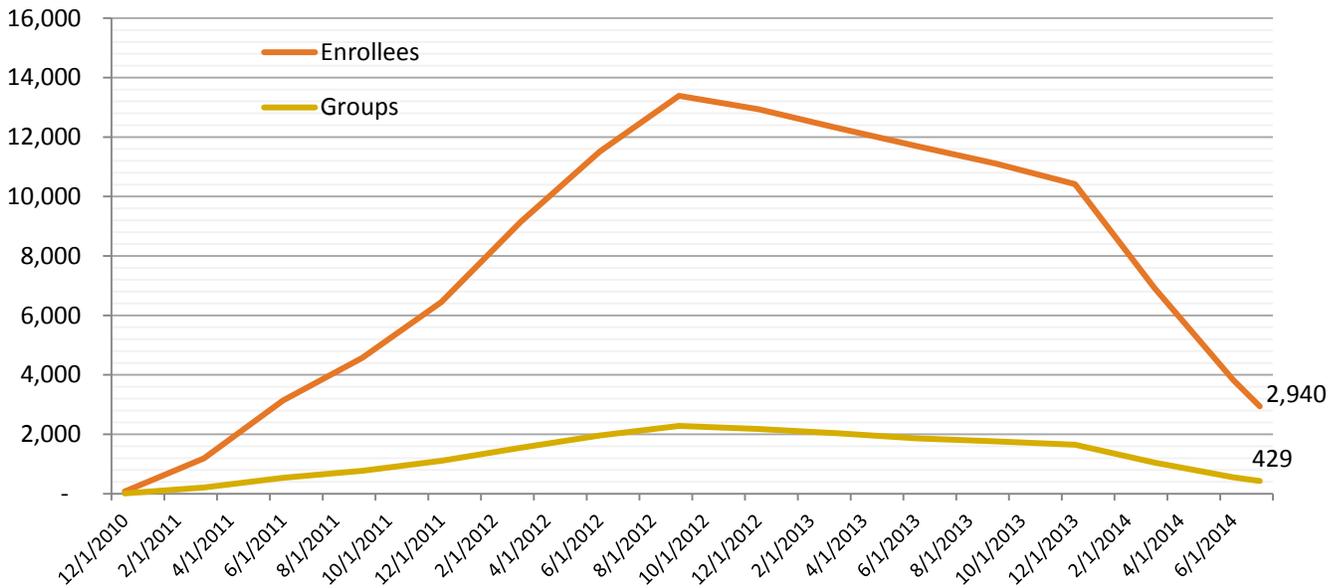
The 83rd Legislature passed SB 1367 to end the Pool and included a provision allowing TDI to transfer some funds no longer needed for Pool premium assistance after coverage ends to cover Healthy Texas funding needs. TDI did not obtain appropriation authority to spend

the funds designated for Healthy Texas in the 83rd legislative session and had to use agency funds to cover the additional \$1.8 million due to carriers in the September 2014 payment. In the next session, the agency will request a supplemental appropriation to repay the agency and provide funds for final claims payments.

HEALTHY TEXAS ENROLLMENT OVER TIME

Healthy Texas contracted carriers began enrolling small employers in November 2010. Since that time, 2,554 small employers were able to offer health insurance as a benefit to more than 22,000 employees and dependents. At peak enrollment in August 2012, 2,310 employers with 13,420 employees and dependents were actively enrolled in a Healthy Texas plan. Enrollment slowly declined after new enrollment was suspended and began to drop more steadily as existing groups termed off coverage at the end of the plan year beginning in January 2014. As of July 1, 2014, 429 employers with 2,940 employees and dependents remained enrolled in Healthy Texas. Coverage for the last Healthy Texas employers ends November 30, 2014. Figure 5 shows active enrollment since the inception of the program.

Figure 5: Active Healthy Texas Enrollment



Enrollment sharply increased after the summer of 2011, when Healthy Texas began a broad-based marketing campaign. The campaign supported and expanded the work of insurance agents, who have direct and personal relationships with small businesses in their respective areas. During the campaign, carriers reported a 20 percent increase in quote volume.

The successful marketing efforts, combined with a high degree of consumer satisfaction as measured in a 2012 participant survey, have kept attrition rates low. On average, nearly 89 percent of employers still enrolled in coverage at the group’s renewal date continued Healthy Texas coverage.

Demographics

Because of strategic outreach and marketing efforts, Healthy Texas succeeded in attracting a wide range of employers from across the state. As shown in Figure 6 and Table 5, more than 2,500 small employers from all 11 Health and Human Services Regions enrolled employees in Healthy Texas during the past three years. Most Healthy Texas employers were located in the Metroplex and the Houston area.

Figure 6: Map of Texas Regions

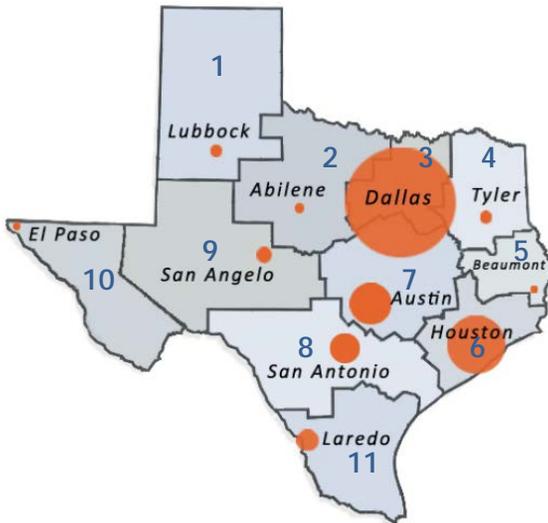
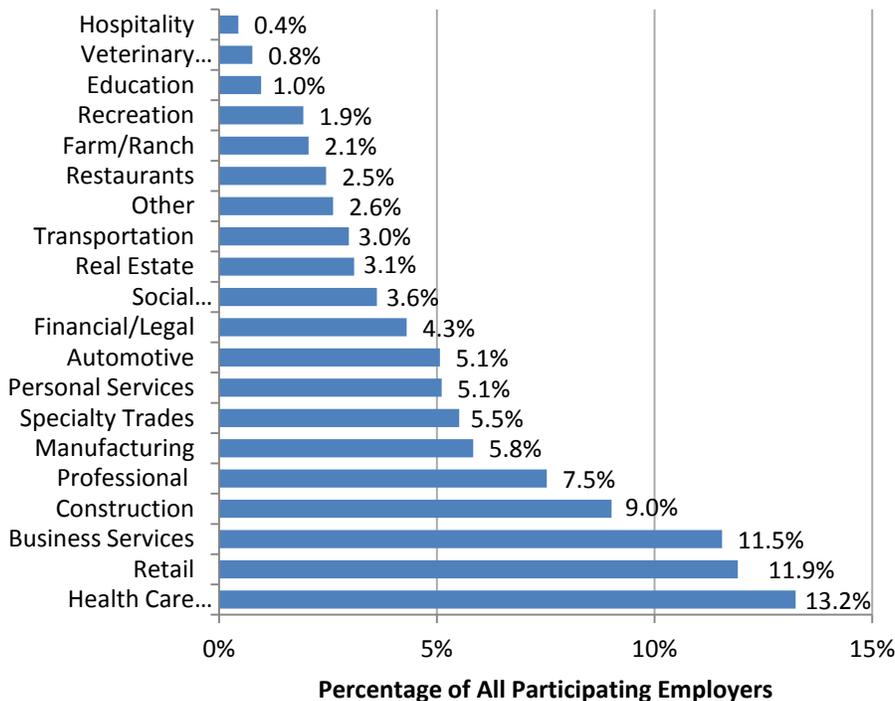


Table 5: Healthy Texas Employers by Region

Location of Enrolled Businesses	Percent of Employers	Number of Employers
High Plains (Region 1)	1%	36
Northwest Texas (Region 2)	1%	24
Metroplex (Region 3)	33%	852
Upper East Texas (Region 4)	2%	51
Southeast Texas (Region 5)	2%	43
Gulf Coast (Region 6)	23%	573
Central Texas (Region 7)	15%	394
Upper South Texas (Region 8)	12%	312
West Texas (Regions 9 and 10)	3%	64
Lower South Texas (Region 11)	8%	205

Figure 7: Healthy Texas Employers by Industry Type

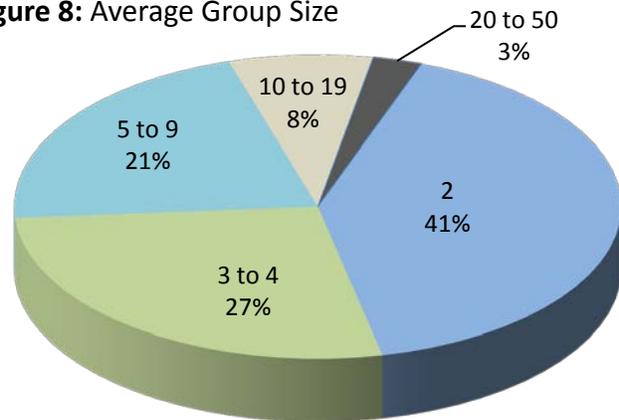


Healthy Texas attracted employers in a wide range of industries, from farm and ranch to construction, and education to health care services. Employers included small bookstores, coffee shops, day spas, fitness centers, and even a few small craft breweries. The most common industry among Healthy Texas employers was health care services, comprising 13.2 percent of participating employers as shown in Figure 7. These employers included family medical offices, community health centers, pediatricians, rehabilitation offices, and even cancer care centers.

To participate in Healthy Texas, at least 30 percent of the employees at a business had to earn 300 percent of the federal poverty level or less. Healthy Texas employers exceeded this requirement with about 69.7 percent of employees at or below that income level. At initial enrollment, an average of 83 percent of employees elected the coverage.

Healthy Texas targeted small employers with at least two, but not more than 50 employees. The program was successful in reaching employers of all sizes but the largest appeal was among very small employers. More than 89 percent of all employers enrolled had fewer than 10 employees. About 41 percent of enrolled employers had just two employees. Figure 8 shows the average group size of employers who participated in Healthy Texas during the life of the program.

Figure 8: Average Group Size



The gender of enrollees was split almost evenly with 51 percent male membership and 49 percent females. Men accounted for about 54 percent of employees enrolled, and women made up about 55 percent of dependents that were covered. Healthy Texas also helped employees' spouses gain access to health insurance. Among dependents, 76 percent of those covered were a spouse of the employee and 24 percent were children.

EVALUATION

Throughout the course of Healthy Texas, TDI staff monitored enrollment and worked to meet the needs of enrollees, agents, and carriers. During that time, TDI continually evaluated the performance of participating carriers and responded to many inquiries from consumers and agents. Additionally, TDI enlisted partners to conduct independent evaluations of Healthy Texas. In 2012, TDI commissioned a marketing firm to conduct an online survey to measure overall employer and employee satisfaction with the program, assess ongoing employer interest, and uncover opportunities for improvement. In 2013, TDI also contracted with an auditing firm to conduct a performance audit of the Healthy Texas carriers.

Enrollee satisfaction

During the period from April 2012 to June of 2012, TDI commissioned its marketing firm to conduct an online survey of Healthy Texas participants. The survey was designed to assess satisfaction among small business decision makers and individual employees about key components such as cost, communication, and coverage. Table 6 shows a summary of responses from employers and employees.

Table 6: Employee Satisfaction Survey Results	Very Satisfied	Somewhat Satisfied	Neither	Somewhat Dissatisfied	Very Dissatisfied
Ease of Enrolling	74%	19%	6%	0%	1%
Amount of Time for Day-to-Day Administration	73%	21%	5%	0%	1%
Level of Employee Interest	65%	24%	10%	0%	0%
Ease of Understanding Eligibility Criteria	59%	31%	5%	5%	0%
Availability of Benefit Packages that Fit My Business	55%	29%	9%	6%	1%
Quality of Doctors and Hospitals	72%	21%	6%	0%	1%
Overall Satisfaction: Interaction with Agent	71%	18%	6%	1%	4%
Overall Satisfaction: Carrier	60%	30%	4%	3%	3%
Frequency of Communication with Representative	56%	22%	16%	4%	3%
Availability of Support	55%	24%	14%	4%	3%
Coverage and Benefits	43%	40%	9%	4%	5%
Cost of Premiums for Employees	37%	40%	5%	13%	5%
Cost of Premiums for Employers	35%	39%	9%	14%	3%
Cost of Deductibles	35%	35%	11%	14%	4%

Note: Due to rounding, some totals do not equal 100%

Key findings include

- Two-thirds of employers rated their overall experience with Healthy Texas as “very positive,” and most of the remainder said they were “somewhat positive.”
- More than eight in 10 employers had not offered health insurance as a benefit before enrolling in Healthy Texas.
- Affordability was the main reason employers cited for their initial and ongoing interest.

Healthy Texas carrier audit

The independent audit of Healthy Texas carriers covered the period from the beginning of Healthy Texas enrollment in November 2010 until December 2012. The auditors assessed each carrier’s performance in four areas:

- Healthy Texas eligibility verification
- premium rate reporting
- claims and data systems, and
- PSF invoicing.

Overall, the audit determined the carriers performed well and reported data accurately. The auditors found that carrier reporting of premium rates and claims data for PSF invoicing was complete and accurate. In a few cases, auditors identified potential issues in the eligibility verification process at the carrier level. In general, the audit of detailed claims data found carriers reported accurately.

Lessons learned

As with any innovative initiative, TDI learned lessons throughout the implementation of Healthy Texas that can inform future public-private partnerships. Interactions with its partners provided TDI with a greater understanding of the expertise and capacity of private insurance carriers in developing rates, claims reporting, and eligibility verification. The overall satisfaction rate among members and consistent feedback from the employer and insurance agent communities demonstrates that this initiative successfully provided a Texas-designed option for affordable health insurance for Texas small employers.