

Senate Bill 1367

Improving Access to Coverage

Request for Comments

(Stakeholder Meeting 10-21-2014)

The Texas Department of Insurance is requesting public comments on concepts for using funds allocated to TDI under SB 1367 to improve access to coverage in Texas. After conducting a series of small focus groups with an array of stakeholders, TDI developed recommendations for using these funds to enhance consumer health insurance literacy through an online resource center and providing grants to local organizations working to improve access to coverage. As TDI develops a strategy for implementing these recommendations, continued stakeholder input is vital.

We would like to invite written feedback to assist our efforts in this project. TDI seeks responses from individuals and entities who can offer suggestions or information on developing and implementing this project. TDI invites respondents to provide comments on what type of information related to health insurance and access to care resources they feel are the most important and useful to the public, and suggestions on presenting this information. Respondents may consider providing information about resources to assist in the gathering of information on local resources that provide assistance for accessing care or financial assistance for insurance related expenses.

In addition, respondents may provide comments about important operational, contractual, and financial issues TDI may want to consider in formalizing a competitive grant program, including eligibility criteria to consider, recommended performance metrics, and reporting requirements.

Please review the background and concept proposals below. We encourage you to send your comments and suggestions either in writing or at our stakeholder meeting. TDI's contact information for your written comments is available later in this document, as well as information on the date and location of the stakeholder meeting.

Background

Beginning January 1, 2014, many of the major provisions of the Patient Protection and Affordable Care Act (PPACA) took effect, including guaranteed issue requirements. The Texas Health Insurance Pool (Pool) became unnecessary as a tool to provide coverage to Texans with high-risk health conditions, so the 83rd Texas Legislature passed SB 1367 to end the Pool. All Pool coverage ended March 31, 2014.

In SB 1367, the Legislature charged TDI with finding a new use for funds originally designated for premium assistance for Pool enrollees. The Pool premium assistance funds come from a portion of prompt pay penalties paid by insurance carriers and interest on provider penalties. The bill gave the commissioner discretion to use the funds to "improve access to health benefit coverage for individuals without coverage."¹ However, TDI did

¹ Section 6(e)(2)(B), Senate Bill 1367

not receive the appropriations authority to spend these funds. For this reason, TDI will focus on developing a program based on stakeholder input and will work with the Texas Legislature to incorporate legislative direction and to request the necessary appropriations authority.

The Pool now maintains a reserve account for penalty funds not used for premium assistance before coverage ended and any new penalty funds paid since the end of Pool coverage. Through July 31, 2014, the balance of unused penalty funds was about \$64 million. Because the funds come from penalties, annual collections have varied widely. Since the Pool began collecting these funds, the total was as low as \$6.8 million in fiscal year (FY) 2011 and as high \$40.7 million in FY 2013. The variability makes projecting actual annual collections difficult, but using data since the Pool began collecting these funds in 2010, a conservative estimate would be \$15 million to \$20 million annually.

Under PPACA, individuals will be required to maintain minimum essential coverage and have the opportunity to sign up for coverage that is guaranteed issue. Those earning between 100 and 400 percent of the Federal Poverty Level (FPL) can qualify for tax subsidies to assist with the purchase of health insurance coverage through the federal health insurance marketplace. Those earning less than 100 percent FPL are not eligible to receive tax subsidies for purchasing coverage. During the first open enrollment period in the federal marketplace, 733,757 Texans enrolled in coverage.² The proportion of those who were previously uninsured was not reported.

Approximately 6.4 million Texans (24.6 percent) had no health insurance during 2012, which is the latest available data. Many of those individuals may be able to access new coverage options, though the rate at which those uninsured will purchase coverage is not known. In 2011, there were approximately 956,000 adult citizens under age 65, earning less than 100 percent FPL, who had no health insurance, and this number is projected to grow to approximately 1 million by 2014³. This population is the most likely to remain uninsured in the new market landscape. Though the proportion of those who initially enrolled in marketplace coverage who were previously uninsured is unknown, it is evident that a large percentage of the state's total uninsured population remains uncovered after the first open enrollment period.

Outreach findings

Throughout May, TDI conducted a series of focus groups with stakeholders in the safety net community, county governments, providers, health plans, and consumer advocates. We conducted the focus groups to help assess areas of need and to identify coverage gaps, target populations, and existing programs that can be leveraged to maximize coverage access.

Several themes emerged across all focus groups.

- There is a significant lack of basic health literacy and understanding about health insurance, such as what it covers and does not cover, how to use it, and how to navigate the health care system.
- This knowledge gap may be keeping those that want and are eligible for coverage from enrolling and leaving many that did enroll covered by plans that do not meet their health care needs.

² "Healthy Insurance Marketplace: Summary Enrollment Report", U.S. Department of Health and Human Services, ASPE Office of Health Policy, May 2014

³ Texas Health and Human Services Commission, February 2013

- There is still a significant portion of the population without health insurance in Texas, placing financial strain on the safety net, county and local governments, and various health care providers.
- Many of the newly insured are not able to afford care because of the cost sharing associated with their plans or losing eligibility for other assistance by gaining limited coverage.

Though the initial accumulated balance of funds is fairly large, the smaller size and variability of funding from annual collections would make it difficult to implement a direct premium assistance program. Groups agreed the amount of funding available was not enough to provide direct premium assistance to this population without choosing a narrow population to target. Several groups considered different premium assistance scenarios, but estimated that the initial balance would only cover about 10,000 to 20,000 individuals and that ongoing assistance would only be sustainable for a few thousand.

Recommendations

The overwhelming feedback from our initial stakeholder discussions about the need for improved health insurance literacy echoes concerns previously raised to TDI by the public, health insurance carriers, and members of the Legislature, among others. One of the key components of TDI's mission is to provide information that makes a difference. We recommend using a portion of the prompt pay penalty funds to develop a statewide online resource center for the uninsured to not only provide information about shopping for and using health insurance, but also provide a comprehensive, up-to-date listing of local resources to access care. We recommend granting the remaining funds for innovative projects aimed at expanding access to coverage through consumer education and outreach or other innovative approaches to make coverage more affordable.

1. Online resource center for the uninsured

Currently, no state agency maintains a comprehensive list of local medical assistance resources across the state. We propose partnering with other state agencies, such as the Texas Health and Human Services Commission, to develop and maintain a comprehensive database of such resources to help connect the uninsured with access to care. The database would drive the online resource center to help consumers locate services throughout the state.

TDI's Texas Health Options website (www.texashealthoptions.com) is undergoing an update and redesign aimed at providing information about shopping for and using health insurance in a user-friendly format. The site will contain consumer education materials and tools for comparing health plans available in Texas. We would also integrate the online resource center as an interactive tool to guide those unable to afford coverage to help accessing care.

2. Grants to improve access to coverage

When considering options for grant making, focus group participants mentioned several common components of a successful program. Those features include

- the need for flexibility, with room for local solutions to meet local needs
- the ability to combine funds with other private, local, state, or federal funds

- encourage collaboration across stakeholders at the local and regional level
- support for planning and development efforts.

Participants said there is no one-size-fits-all approach for Texas, where urban areas and rural areas have varied needs and capacities. Some suggested a competitive grant program to allow local and regional communities to develop approaches to improve access to coverage that would work best in their areas. A grant program would

- designate specific uses for the funds
- give local areas the ability to propose their own approaches, with metrics to measure the impact on the uninsured
- require grantees to use matching funds to maximize potential reach
- encourage and support collaboration between trusted community partners in the use of grant awards.

Request for additional input

Please submit written comments by **5 p.m., Central time, on Wednesday, October 15, 2014**, to one of the following:

Electronically	U.S. Postal Services:	Hand Deliver or Express Mail
kim.johnson@tdi.texas.gov	Texas Department of Insurance Life, Accident, and Health Section, Mail Code 107-2A Attn: Kim Johnson P.O. Box 149104 Austin, Texas 78714-9104	Texas Department of Insurance Life, Accident, and Health Section Attn: Kim Johnson 333 Guadalupe, Tower I – Room 770G, Austin, Texas 78701

In addition to requesting written comments, TDI would like to invite interested parties, including members of the general public, to provide input at a meeting to be held at **1 p.m., Central time, Tuesday, October 21, 2014, in Room 100 of the William P. Hobby Jr. State Office Building, 333 Guadalupe Street in Austin, Texas.**