

Senate Finance

SB 1

February 15, 2023



Roll Call

Chair: Joan Huffman - Present
Vice-chair: Juan "Chuy" Hinojosa - Present
Paul Bettencourt - Present
Donna Campbell - Present
Brandon Creighton - Present
Pete Flores - Present
Bob Hall - Present
Kelly Hancock - Present
Bryan Hughes - Present
Lois Kolkhorst - Present
Robert Nichols - Present
Angela Paxton - Present
Charles Perry - Present
Charles Schwertner - Present
Royce West - Present
John Whitmire - Present
Judith Zaffarini - Present

Resources

[Public hearing notice](#)

[Video of hearing](#)

Documents

[LBB Summary](#)

[Agency LAR](#)

Invited testimony

Lyle Blanco, Legislative Budget Board (1:00:15)

Summary of recommendations for TDI

TEXAS ASSOCIATION OF HEALTH PLANS

Meeting Update–February 15, 2023

Jamie Dudensing, CEO

www.tahp.org

(512) 476-2091

judensing@tahp.org



Funding recommendations include 260.6 million dollars in all-funds. 1221.3 FTE's for 24-25 biennium. Net decrease of 46.7 million dollars and increase of 36.6 FTE's from 22-23 levels.

State employee salary increase 14.2 million dollars in GR dedicated in count 36, which is the department of insurance operating fund.

Selected fiscal policy issues. Issue 1- this issue provides information on the self funding nature of TDI's general revenue dedicated operating fund 36. Issue 2; state regulatory response rider. Issue 3; health insurance risk pool. Funding recommendations include: removing funding associated with the health insurance risk pool. Approximately 42.2 million dollars and the associated Rider as the enabling statute expires at the end of 22-23 biennium. Issue 4; recommendations include minor changes to agencies budget structure approved by LBB and Gov office at agencies request. Issue 5; licensing fee collections. As part of the agency's LAR, the agency reallocated 12.3 million of that funding to 15 other strategies primarily for salary increases and IT modernization efforts.

Cassie Brown, Commissioner of Insurance (1:04:00)

260.5 million for TDI for biennium; 1221 FTE's. Includes division of workers compensation.

Discussing method of finance and exceptional item of request.

Method of finance: Funded primarily by maintenance taxes and fees that are paid by the insurance industry. GR funds and taxpayer dollars remain untouched for the most part by agency. Operating account is self leveling account; dedicated funds. This means reducing TDI's appropriations also triggers a reduction in revenue collected and will not create a savings for GR.

Exceptional item of request: Requesting to establish a capital budget item of 450,000 dollars for biennium for replacement of vehicles in the agency (those that have exceeded recommended mileage limitations set by Texas comptroller office, etc).

Jeff Nelson, Commissioner of Workers Compensation (1:06:44)

Not requesting any additional funds beyond the recommended budget.

Perry: Are all types of insurance under your umbrella? Breakdown of resource allocation?

Brown: Yes. Largest division is financial regulation; division that licenses companies and makes sure they remain solvent. Separated divisions for life and health and property and casualty. Will give breakdown.

Perry: How much of the state's health insurance plans are self insured, that do not fall under your umbrella?

Brown: TDI regulates about 17% of the health insurance market. We joke that it takes 80% of our time for life and health, for the 17% coverage.

Perry: That highlights a whole separate conversation for another day. We get calls that are typically about health insurance, as we have events, storms, etc. with people discussing premium increases. Is there also a conversation about premium increases to get to that solvency. How do you deal with those?

Brown: We take care of insurance companies from life to birth, so we license the insurance company and regulate products that company sells. So we review forms they contract with consumers. Also review their rates. Rates can't be excessive or create long term profit. Definitely review those statutory standards.

Perry: So you do reject some rate increases.

Zaffarini: For Nelson, do y'all employ the same standard for injured men and women.

Nelson: Yes, all medical benefits, etc. are laid out statutorily.

Kolkhorst: Asks about premiums stabilizing when it comes to auto.

Discussion about insolvencies during hurricane season with home insurance, etc.

Paxton: Opioid prescriptions. Can you talk about this?

Nelson: Pharmacy formulary had a very significant impact on Opioid prescriptions.

Paxton: Large portion of these claims probably have to do with injury.

Nelson: Yes and the physicians in our systems adapted pretty quickly. Very few disputes on medical necessity with Opioids.