

**FOOD FOR
THOUGHT**



**Texas Covered:
Individual Market,
Uninsured, & Healthcare.gov**

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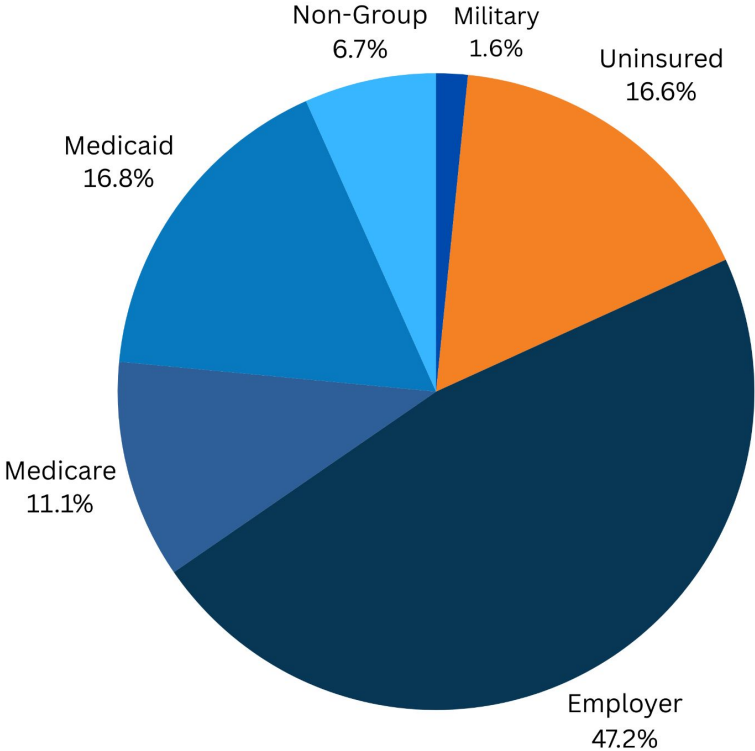
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**FOOD FOR
THOUGHT**

TAHP

Texas Health Plans Cover More Than 20 Million Texans



Health insurance helps keep families and communities healthy through:

- Medicaid
- Medicare
- Tricare
- Individual
- Employer



How Insurance Works



What is Insurance?

Fully-Insured Coverage: Involves purchasing health insurance from an insurer. The insurer assumes financial risk for medical claims in exchange for a fixed monthly premium.

- Employers, families, or individuals pay a set premium annually
- The insurer manages the risk and covers medical expenses based on the purchased coverage

Regulation:

- **Governed by state insurance laws and federal regulations from CMS, HIPAA, and ACA**
- **Applicable to individual market plans, Medicaid managed care, Medicare Advantage, and some employer coverage**



What is Self-Funded Coverage?

Self-Funded Employer Coverage: The employer (plan sponsor) bears the financial risk for employee health benefits, paying actual claims as they arise, not an insurer.

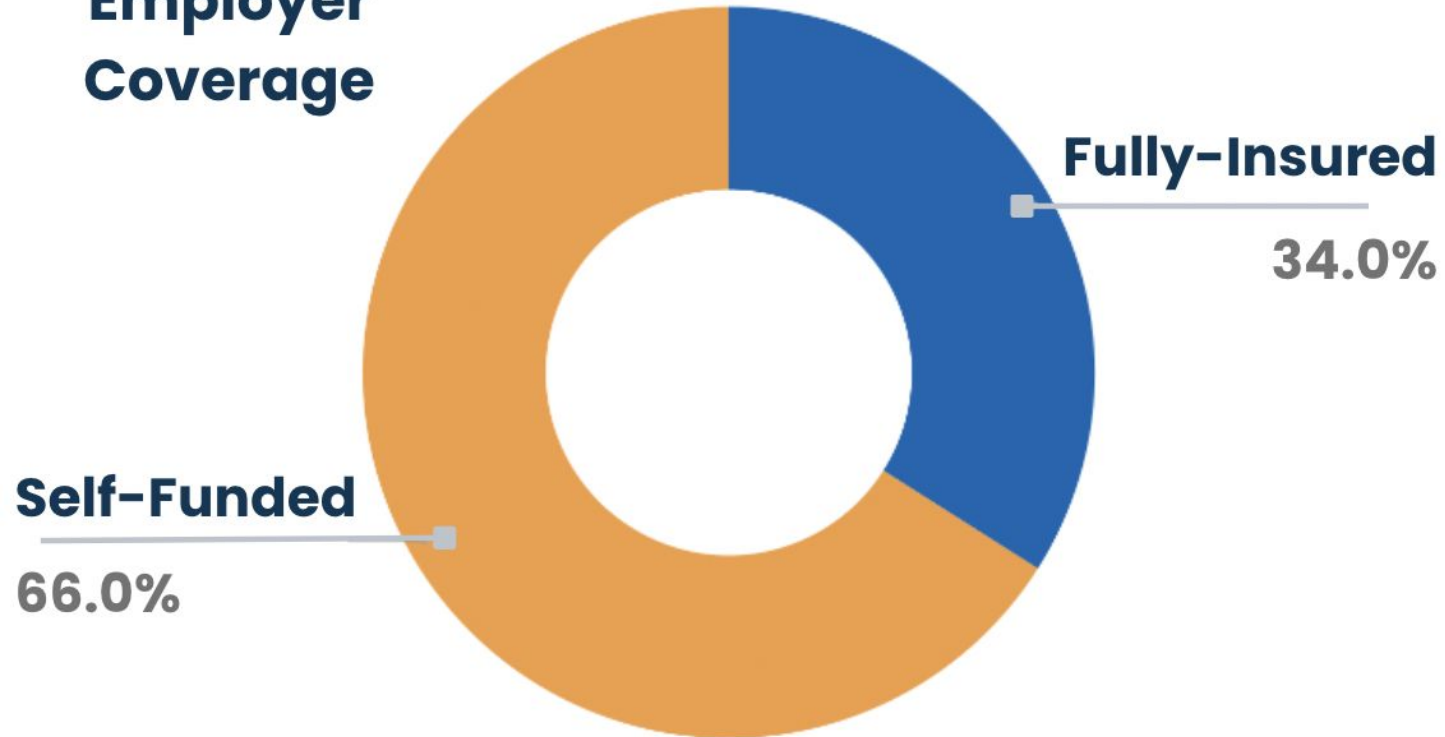
- Managed through a licensed 3rd party administrator or insurer
- Includes administrative services and stop-loss coverage for catastrophic loss protection

Regulation:

- **Governed by federal law under ERISA**
- **The ERISA “deemer clause” prohibits states from regulating plans that are self-funded (they are not “the business of insurance”)**
- **Oversight primarily by the U.S. Department of Labor’s EBSA, with some roles for CMS and IRS**
- **Often referred to as self-insured or ERISA coverage**

“Insurance” is Only 34% of Employer Coverage

Types of Employer Coverage



TRS & ERS: State-Self Funded AND State Regulated

ERS & TRS: Similar to large employer self-funded coverage – benefits are paid out of those funds and the administrators of the programs set benefits. These are self-funded programs.

- However, the legislature can and sometimes does regulate the benefits.
- **The “insurer” (in this case Blue Cross Blue Shield of Texas) is actually an “administrator”** – they do not take on the risk of paying claims but instead, administer the benefits as directed by TRS & ERS.



TRS & ERS: State-Self Funded AND State Regulated

From the TRS [website](#):

- “Each week, Blue Cross and Blue Shield of Texas (BCBSTX) and Express Scripts send medical and prescription drug claims to TRS. TRS then pays those claims out of the TRS-ActiveCare fund”

From the ERS [website](#):

- “Health Select of Texas®is self-funded, as is Consumer Directed Health Select. This means that ERS collects premiums paid by the state and members enrolled in the plan and then pays health care claims directly, rather than going through an insurance company.”



Individual Market

Individuals or families

Direct, agents/brokers,
federal marketplace

Covers individual
or family

Essential health
benefits required

Typically HMO or EPOs

Insurance

Small Group

2-50 employees

Through small employer

Covers full-time
employees, optional for
part-time and family

Essential health
benefits required

Typically EPO or PPO

Typically insurance, but
sometimes self-funded

Large Group

50+ employees

Through large employer

Covers full-time
employees, optional for
part-time and family

Essential benefits not
required, but typically
more comprehensive

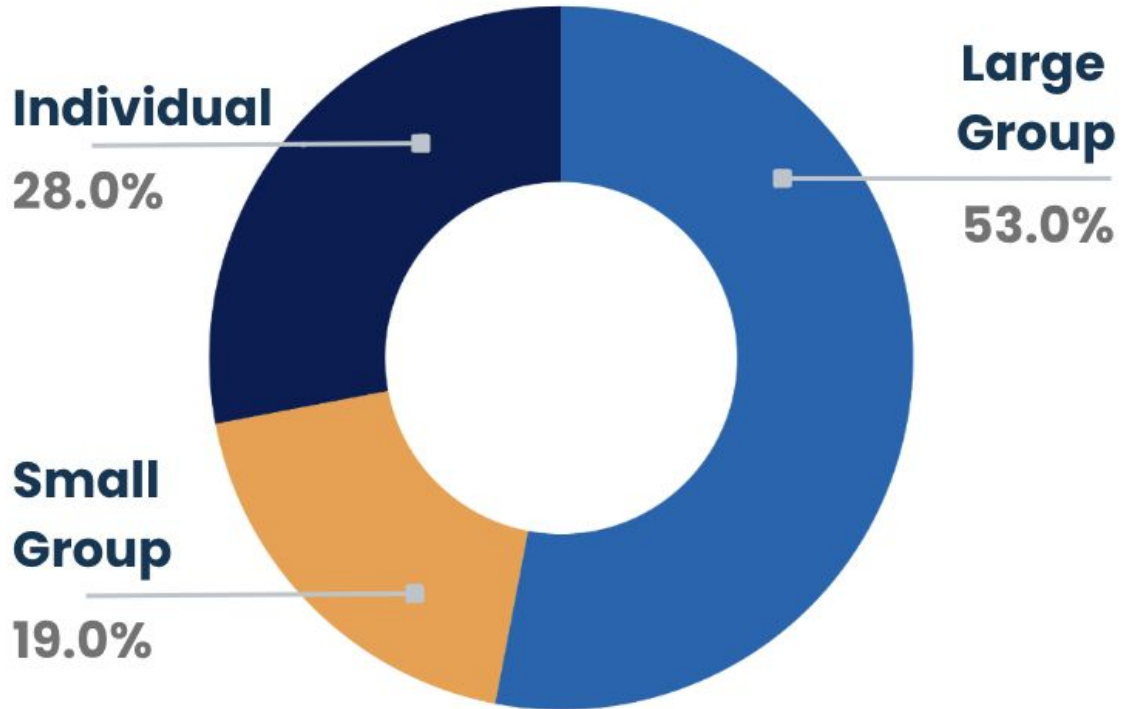
Typically PPO's

Typically self funded, but
sometimes insurance

Main Source of Texas Private Coverage is Employers

But the Individual Market is growing, stabilizing, and becoming more competitive.

Record Enrollment: A historic high of 3.5 million Texans enrolled in individual coverage for 2024, nearly doubling since 2000.



What is Individual Health Insurance Coverage?



Individual or Family Purchase: Purchased by individuals or families, not through employers or government



For Self-Employed & Part-Timers: Ideal for self-employed, part-time workers, and those lacking employer coverage



Diverse Options: Variety in coverage levels, premiums, and costs



Marketplace Access: Plans available through the Federal Marketplace

What is Individual Health Insurance Coverage?



Income-Based Subsidies: Subsidies available, capping premium costs at a maximum of 8.5% of income, with some qualifying for lower or no cost



Cost-Sharing Reductions: Extra aid for out-of-pocket expenses for those earning below 250% FPL



Enrollment Periods: Annual open enrollment; special enrollment for life events



One Market, Many Names: Also known as Obamacare, Healthcare.gov, Non-group, ACA market

Comprehensive Coverage: Essential Health Benefits



Maternity care



Pediatric care



Mental & behavioral health services



Rehabilitative services



Preventative & wellness services



Prescription drugs



Ambulatory patient services



Hospitalization



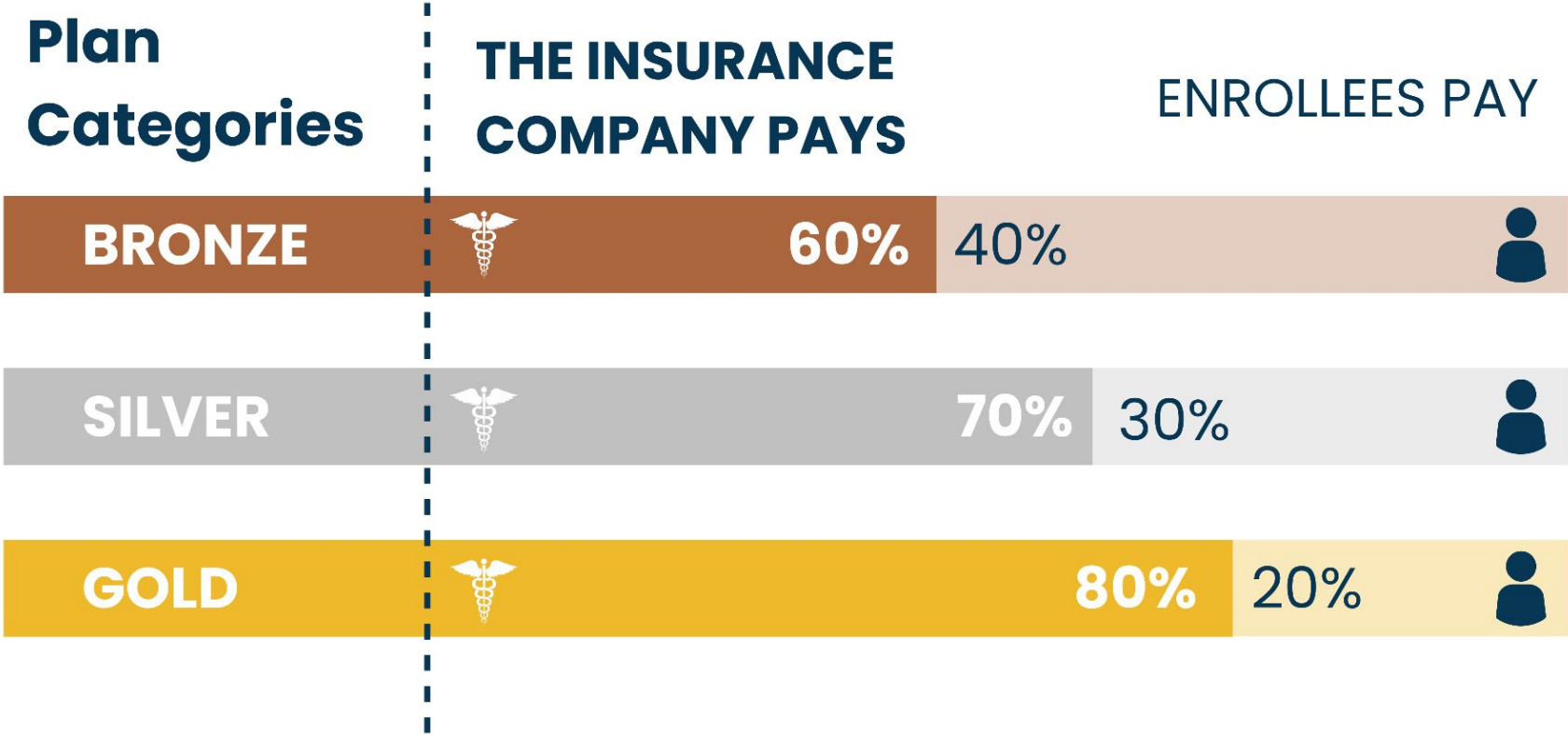
Laboratory services



Emergency services



Coverage Metal Levels





Pre-ACA Challenges



Post-ACA Solutions

Less Than
700K
Texans Had
Individual
Market
Coverage
Prior to
the ACA

What
Happened?

High Premiums:
Unregulated costs.



Subsidies:

Lower premiums for eligible individuals.

Pre-existing Conditions:
Coverage often denied.



Guaranteed Coverage:

No denial for pre-existing conditions.

Coverage Limits:
Lifetime/annual caps.



No Caps:

Eliminated limits on essential benefits.

Limited Options:
Fewer, less-comprehensive plans.



Expanded Choices:

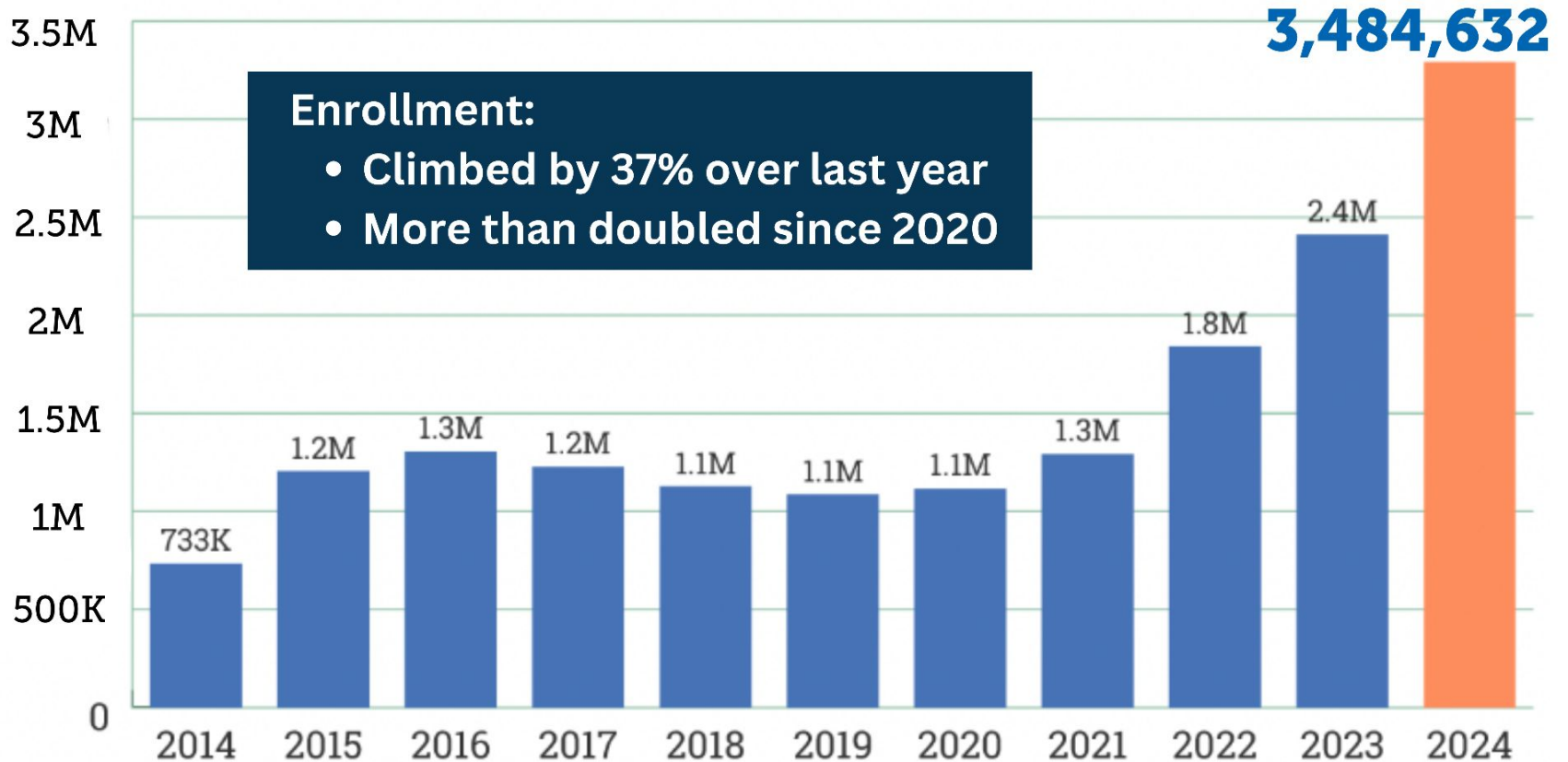
More comprehensive plan options.

Dependent Restrictions:
Coverage limits for young adults.



Dependent Coverage to Age 26:
Extends eligibility for dependents.

2024 Texas Marketplace Record Setting Enrollment

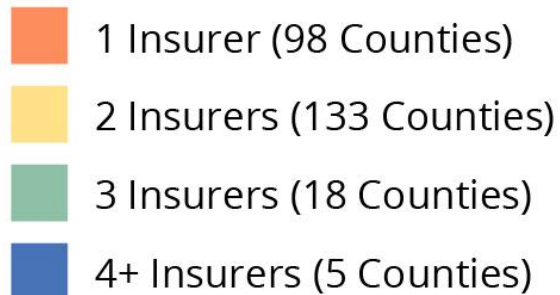
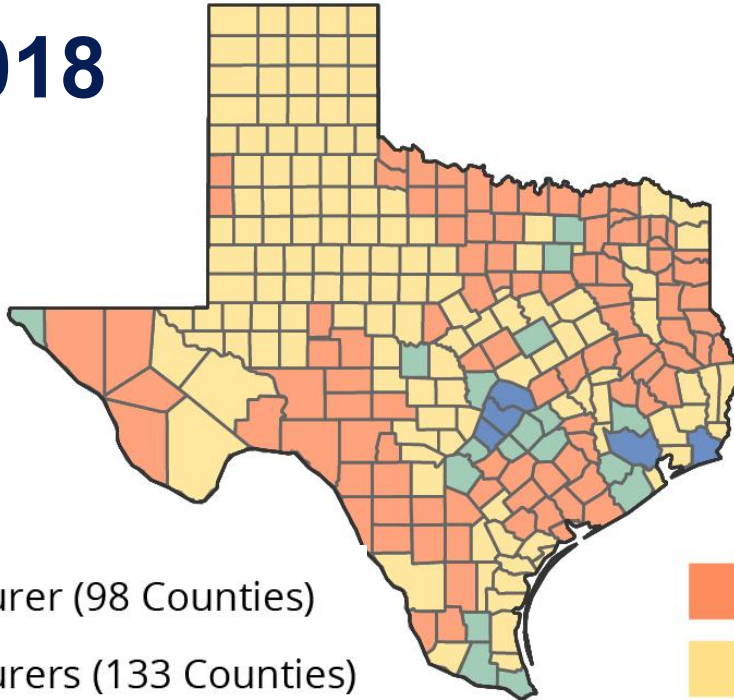


Texas leads all states with 15 marketplace health insurers, up from just 8 in 2020

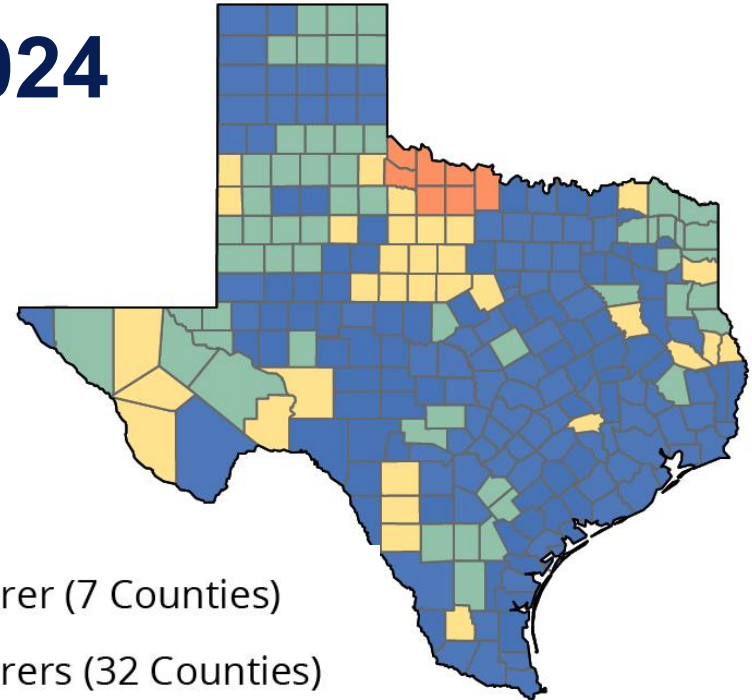
Location	Number of Issuers in 2019	Number of Issuers in 2020	Number of Issuers in 2021	Number of Issuers in 2022	Number of Issuers in 2023	Number of Issuers in 2024
1. Texas	8.0	8.0	10.0	15.0	15.0	15.0
2. Wisconsin	12.0	12.0	13.0	13.0	12.0	13.0
3. California	11.0	11.0	11.0	12.0	12.0	12.0
3. New York	12.0	12.0	12.0	12.0	12.0	12.0
3. Ohio	9.0	9.0	9.0	9.0	11.0	12.0
6. Illinois	5.0	5.0	8.0	11.0	11.0	11.0
7. Florida	5.0	7.0	9.0	11.0	10.0	10.0

Increased Competition: 90%+ Texans have a choice of 3 or more plans up from 60% in 2018

2018



2024



2024: Texas Marketplace Insurers

Aetna

Baylor Scott & White

Blue Cross & Blue Shield of Texas

Celtic Insurance Company (Centene/Superior)

CHRISTUS Health Plan

Cigna

Community First Insurance Plans (University Health System)

Community Health Choice (Harris Health)

Imperial Insurance Company

Moda Health Plan

Molina Healthcare of Texas

Oscar Insurance Company

Sendero Health Plans (Central Health/Travis County)

Superior Health Plan

UnitedHealthcare of Texas

US Health & Life Insurance Company (Ascension/Seton)

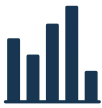


What's Driving the Increase? It's All About Affordability



Subsidies for Most Texans:

- Majority receive a discount on monthly premiums.



Last Year's Assistance:

- Over 90% got financial help; 60% paid \$10 or less monthly.



2024 Shopping Trends:

- 80% found plans at \$10 or less per month.



Enhanced Subsidy Impact:

- 29% of uninsured eligible for a free plan.



What's Driving the Increase? It's All About Affordability



Addressing the Family Glitch (2021):

- Expanded subsidy eligibility to families with costly employer plans
- 13% of uninsured Texans were affected by Family Glitch



Expanded Subsidy Eligibility (2021):

- Extended financial assistance beyond 400% FPL



Subsidy Enhancements (2021):

- Increased subsidy amounts; caps premium costs at 8.5% of income

SB 1296 & "Silver Loading" (2022):



- Incorporated full CSR costs into Silver plan premiums
- Resulted in higher subsidies, tied to Silver plan costs

Background on “Silver Loading”



ACA Cost-Sharing Reductions Rule:

- People with incomes under 250% of the Federal Poverty Level, also get help with lower out-of-pocket costs (copays, deductibles).



2017: Federal Funding for the Lower Out-of-pocket Costs Stopped.

- Insurers were forced to cover the cost associated with reduced cost-sharing by raising premiums.

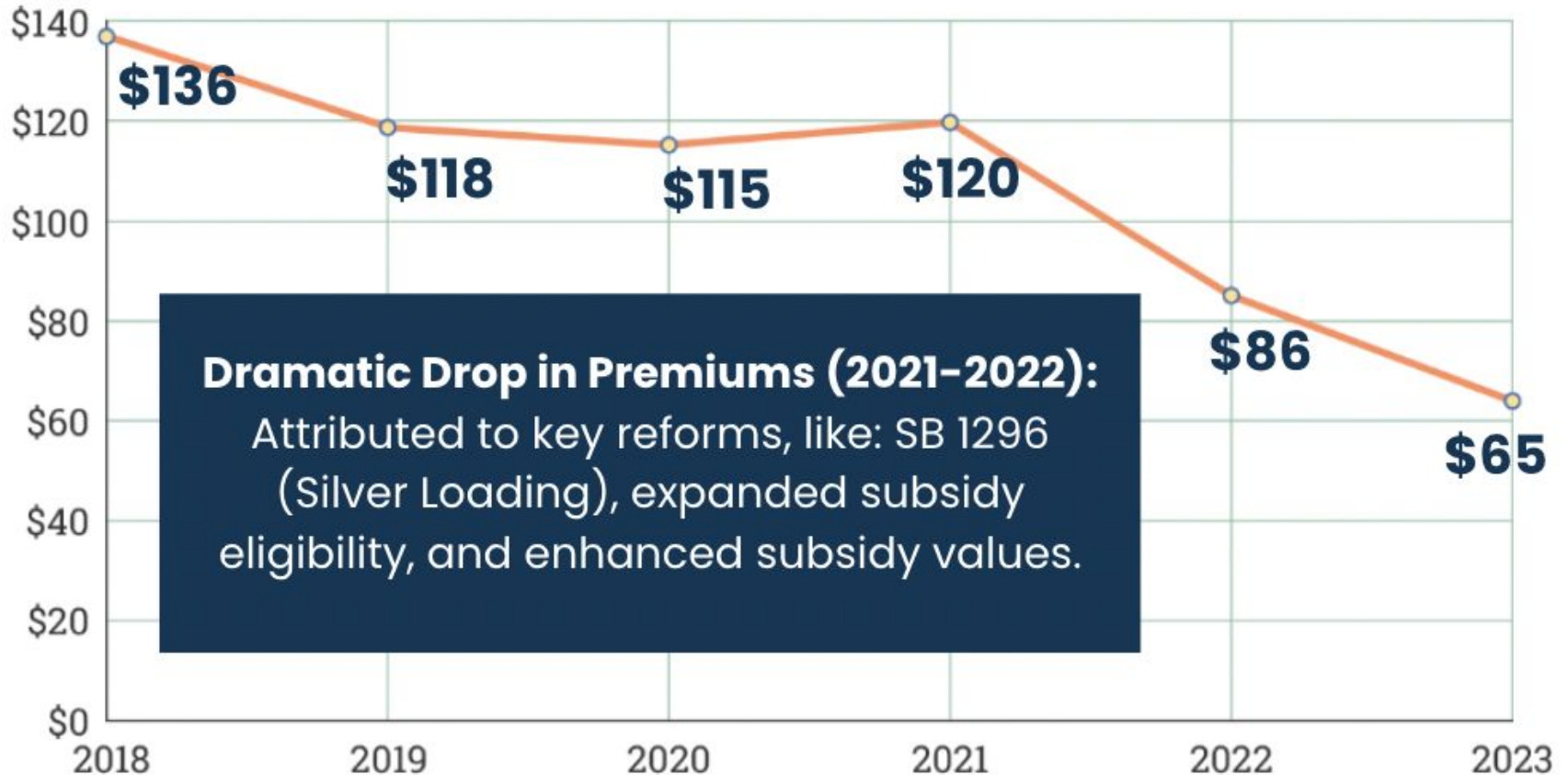


SB 1296 Shifted All Insurers to “Silver Loading”:

- The law standardized how insurers added these costs to premiums.
- Now, all insurers add these costs to silver plans.
- Insurance premium subsidies are based off silver plan premiums.
- Silver loading increased silver plan premiums, therefore increasing premium subsidies.
- The result, more subsidies available to lower premiums.
- Texans can now buy higher value “gold” plans at a big discount.

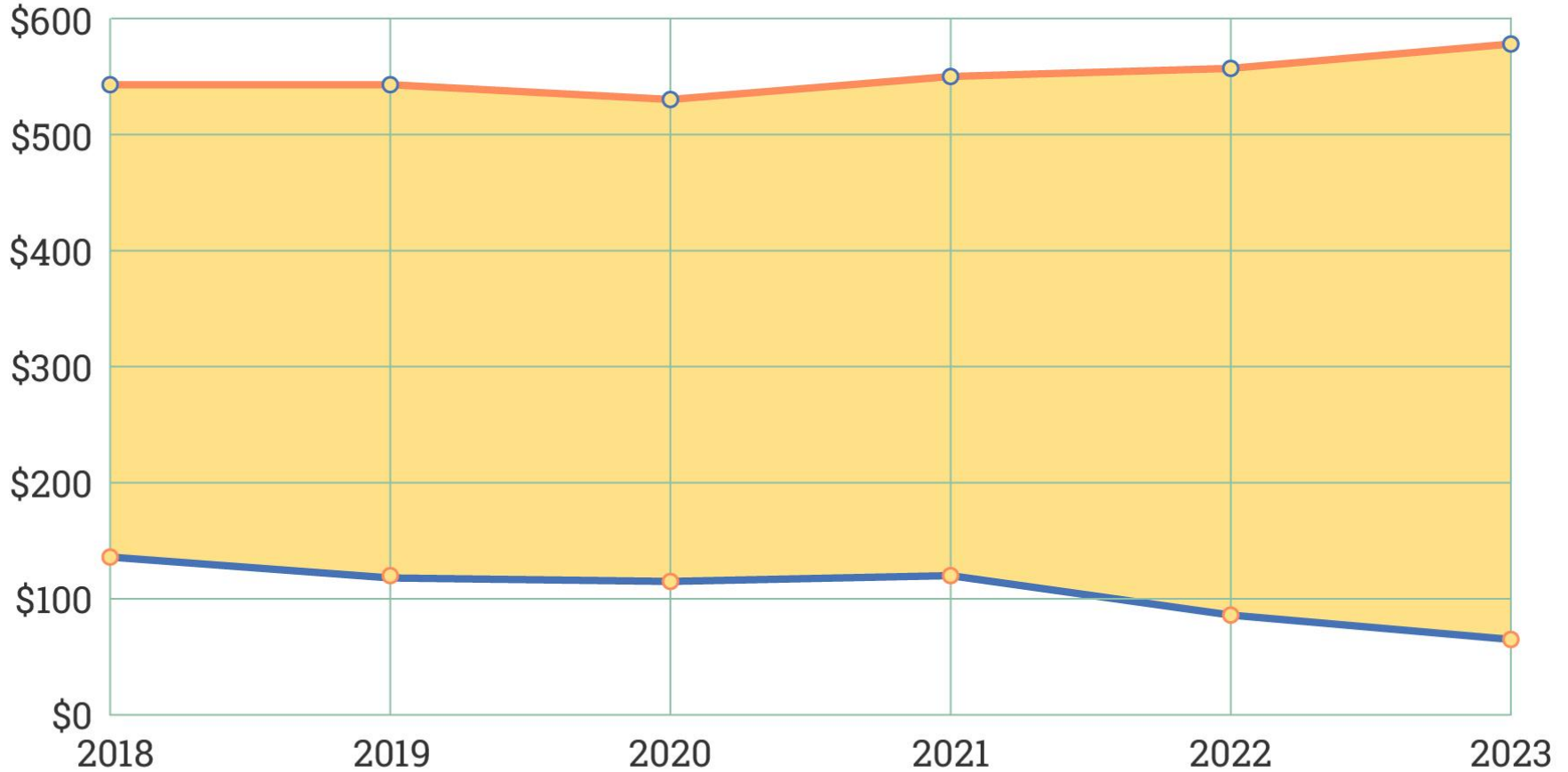


Average Marketplace Monthly Premium After Subsidies



Subsidies Lower Average Monthly Premiums for Texans

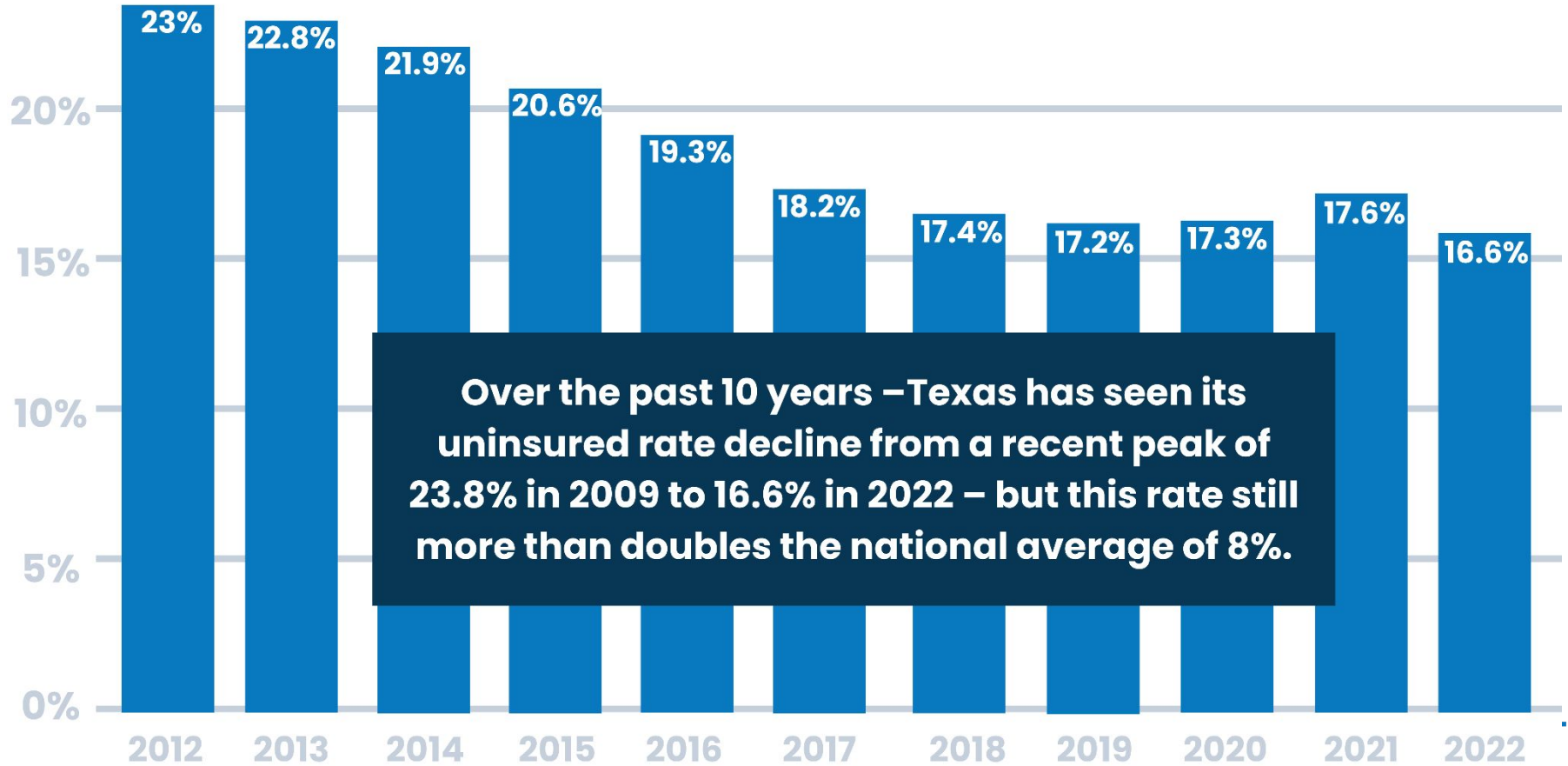
Full Price Premium Actual Premium After Subsidy



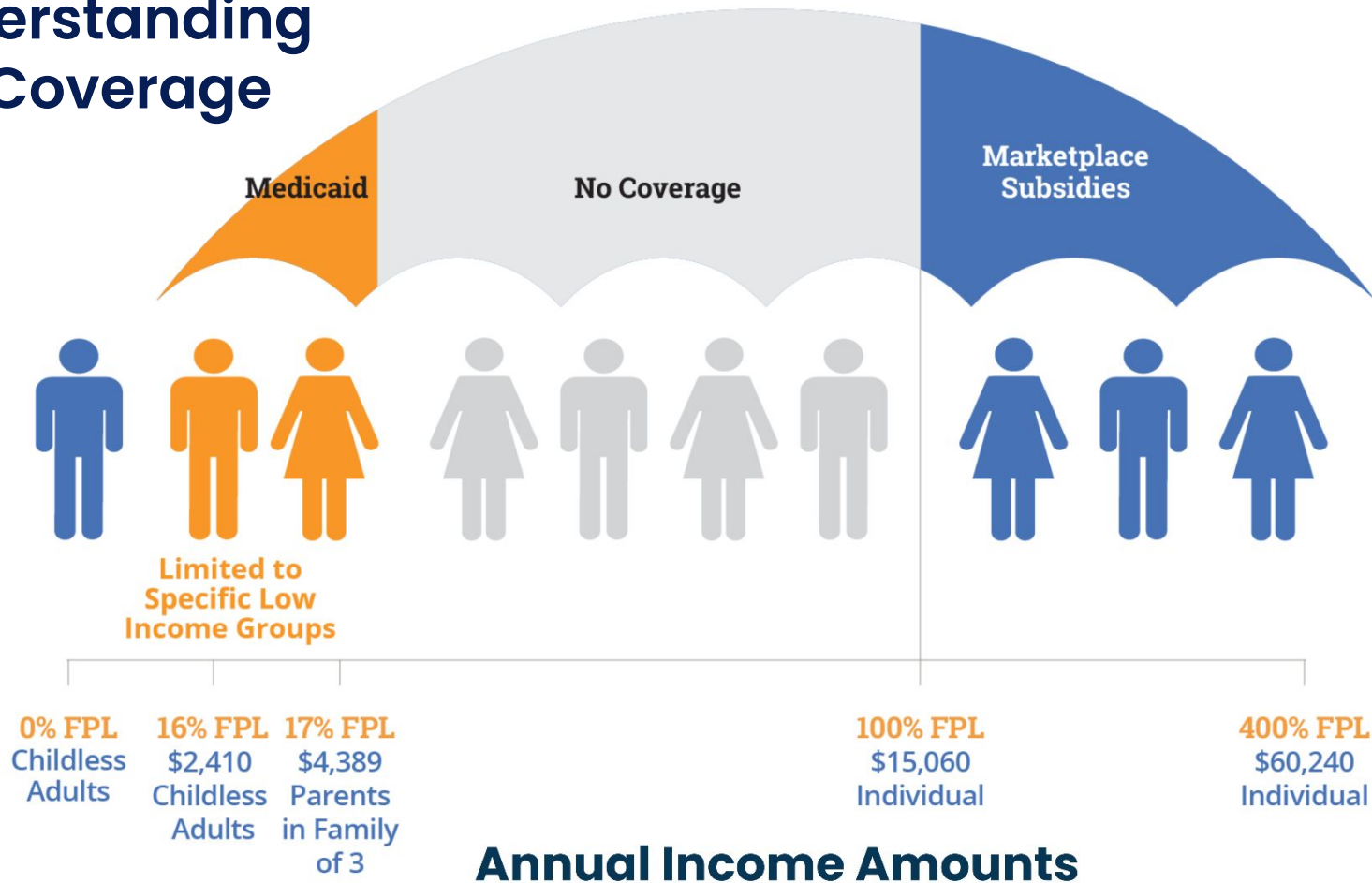
Utilizing the Individual Market to Insure More Texans



Texas Population without health insurance



Understanding the Coverage Gap



0% FPL
Childless
Adults

16% FPL
\$2,410
Childless
Adults

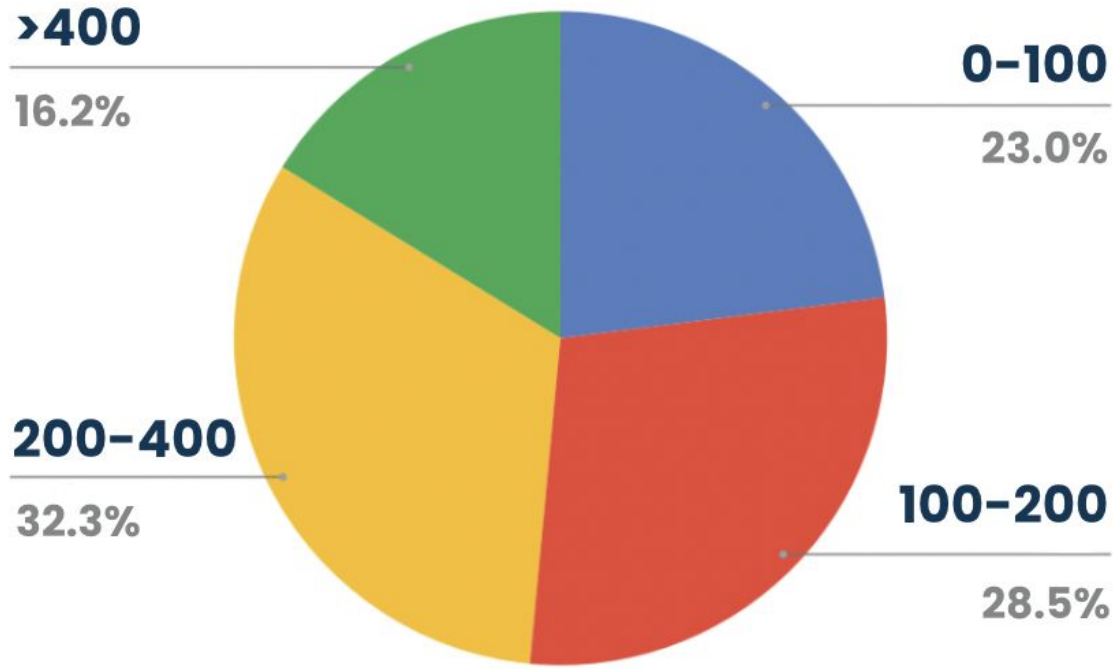
17% FPL
\$4,389
Parents
in Family
of 3

100% FPL
\$15,060
Individual

400% FPL
\$60,240
Individual

Annual Income Amounts

Texas 2036 Data: Breaking Down the Uninsured



Within Subsidy Range:

Nearly a third (60.8%) of uninsured Texans are middle class with incomes between 200%-400% of the FPL, making them potential beneficiaries of ACA Marketplace subsidies

56% of Uninsured Texans are Eligible for Free or Subsidized Coverage from Existing Programs

Coverage Gap

Uninsured adults below 100% FPL that are not eligible for ACA or marketplace subsidies

Undocumented

Uninsured adults and children

14.9%

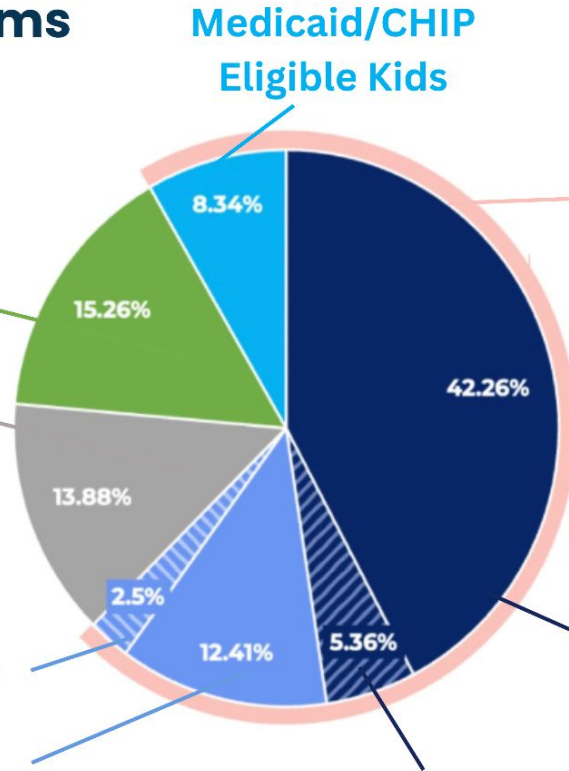
Maybe ACA Kids/Adults

Maybe ACA Kids

Uninsured children in families at or above 400% FPL, whose subsidy eligibility cannot be determined with public information

Maybe ACA Adults

Uninsured adults at or above 400% FPL, whose subsidy eligibility cannot be determined with public information



56.0%

Eligible for Existing Programs

(Includes ACA Eligible Kids/Adults and Medicaid/CHIP Eligible Kids)

Up to 70.9%

Potentially Eligible for Existing Programs

47.6%

ACA Eligible Kids/Adults

ACA Eligible Adults

Uninsured adults eligible for subsidies on the ACA marketplace

ACA Eligible Kids

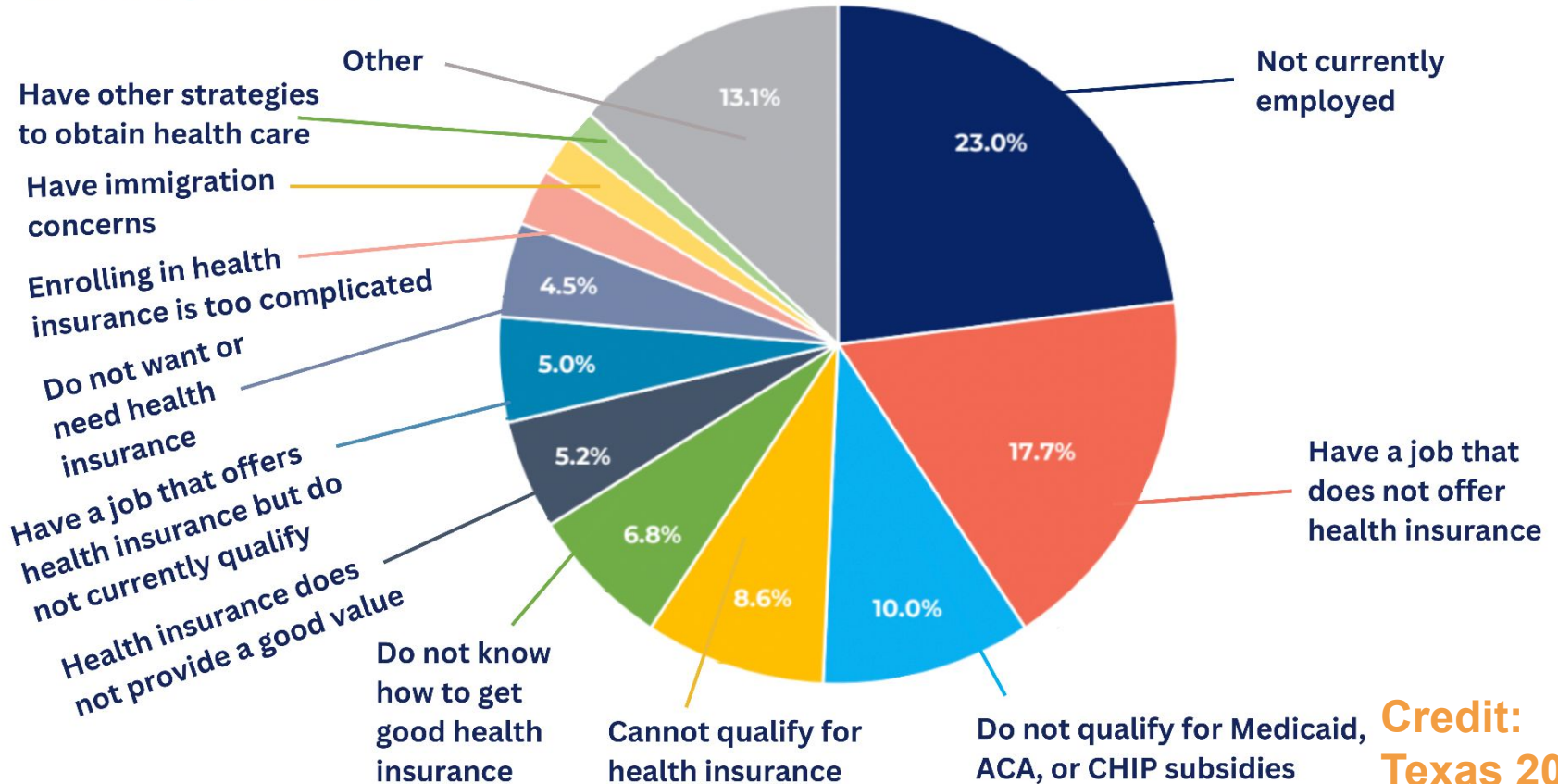
Uninsured children eligible for subsidies on the ACA marketplace

Credit:
Texas 2036

Key Findings from New 2036 Report on Uninsured

- ✓ Medicaid expansion alone won't solve Texas' uninsured crisis – only 15% of it
- ✓ Many uninsured Texans have middle-class incomes
- ✓ Nearly twice as many uninsured Texans are eligible for a free ACA plan as are in the “coverage gap”
- ✓ A majority (56%) of the Uninsured are eligible for either ACA subsidies, Medicaid, or CHIP
- ✓ Most uninsured Texans want health insurance
- ✓ The most cited reasons among uninsured Texans for not having health coverage are related to employment

Primary Reason for Not Having Health Insurance (% of respondents)



Credit:
Texas 2036

More Options for Reducing Uninsured: ICHRAs & QSERAs

ICHRA: Individual Coverage Health Reimbursement Arrangement

QSERA: Qualified Small Employer Health Reimbursement Arrangement

- Employer options to cover individual market health insurance premiums and medical expenses tax-free

How it works:

- Employers set a fixed allowance of tax-free money each month
- Employees buy health insurance on the marketplace, choosing from varying levels of coverage
- Employees submit proof of expenses, and employers reimburse them up to their allowance amount
- Originated as a Trump administration rule, established in 2020.
- Employers control costs by setting fixed allowances

Tax Advantages: Contributions are tax-deductible for the business and tax-free for employees



What's next?

- ✓ Enrollment has soared three fold in the last few years. Lawmakers should **be cautious of any changes** to the individual market that could create instability and drive out competition.
- ✓ Research shows that hundreds of thousands of Texans are uninsured and eligible for heavily discounted or even free coverage on the marketplace or Medicaid. Texas should consider **outreach strategies** to get more eligible families covered.
- ✓ Price increases for health care services threaten affordability and stability. The legislature should continue to **focus on reducing health care prices** and rooting out price gouging.
- ✓ New individual market health plans are offering increasingly innovative solutions. Texas should **remove any barriers that exist to innovation** in benefit design.

