



Texas Association of Health Plans
1001 Congress Ave., Suite 300
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September 5, 2024

RE: Health Care Mandate Review

Dear Chairman Oliverson and Members of House Insurance Committee,

I am writing on behalf of the Texas Association of Health Plans (TAHP), representing the state's health insurers who are dedicated to ensuring that Texans have access to affordable, high-quality healthcare coverage. We appreciate the chance to address the critical issue of health insurance mandates in Texas, which are significantly driving up costs and restricting employers' ability to offer the right coverage options to their employees.

We believe that advancements in health care price transparency create an opportunity to build a process for upfront estimates on the impacts of mandates for employers' and families' health care coverage. These upfront estimates could better inform lawmakers when considering legislative proposals with estimates of the impact on premiums, coverage, and public health.

Where Texas Stands Today:

Texas has more health insurance mandates than almost any other state, often exceeding what is required by the Affordable Care Act, which created a very high minimum benefit standard and sets coverage requirements based on medical and scientific evidence. Texas health insurance mandates go beyond federal requirements in virtually every aspect of coverage. These mandates restrict an employer's ability to tailor benefits to their needs and to what the business and its employees can afford in monthly premiums.

- Mandates force the inclusion of certain services in their health plans, even if those services are overpriced or not necessary for their employees.
- Mandates also limit an employer's ability to offer more affordable options like telehealth or mail-order pharmacies, driving up the overall cost of health insurance.
- Mandates stop innovations that drive and reward high-value, quality-focused consumer health care decisions. This includes rewarding providers based on quality instead of quantity.
- Mandates protect higher-cost drugs from competition and force delays in employers adopting biosimilars and therapeutic alternatives.

Ultimately, patients and their employers end up paying more, and they have fewer choices in how they receive care. Texas does not currently have a system in place to evaluate or make transparent the financial impact of these mandates before they become law. As a result, lawmakers are making



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decisions without knowing how much these mandates will cost businesses and families—leading to higher premiums and fewer employers offering coverage.

Why It Matters:

This year, businesses are facing a 9% increase in health spending, making it harder to continue providing benefits. When health insurance mandates add unnecessary costs and block alternatives to lower spending, employers are forced to make tough decisions, which might result in reduced benefits or dropping coverage altogether. For patients, this translates to higher out-of-pocket costs and fewer options for care.

Unlike 29 other states, Texas does not have a system to transparently review and disclose the costs of these mandates before they are passed. Without this kind of review, lawmakers and the public are left in the dark about the real impact of these mandates on health care costs. Texas should not pass any new mandates without first understanding and making transparent how they will affect the cost of coverage for businesses and families.

Recommendations:

- **Establish a Mandate Review Process:** Texas lawmakers should create a system that requires a thorough and transparent review of the costs and benefits of any proposed health insurance mandates before they become law. This process should estimate the financial impact on businesses and families as well as the total increase in health care spending.
- **Ensure Transparency:** Before any new mandate is passed, its financial impact should be publicly disclosed, ensuring that lawmakers, businesses, and the public fully understand the potential costs associated with the mandate.
- **Avoid Costly Mandates Without Review:** Texas should not pass any new health insurance mandates that would increase the cost of coverage for Texas families and employers without a comprehensive and transparent review of its impact so lawmakers can carefully weigh the costs and benefits.

Sincerely,

A handwritten signature in blue ink that reads "Jamie Dudensing". The signature is written in a cursive, flowing style.

Jamie Dudensing, RN

CEO

Texas Association of Health Plans