

HB 5099 Concerns: Shared Savings Programs Shouldn't Come with Unworkable Mandates

Well Intended Legislation Creates Significant Admin Costs and Forces Employers to Make Unreasonable Cash Payments to Employees

Background: Health plans want to create incentives, laws stand in the way.

- Outdated Texas laws are making it nearly impossible to create shared savings programs today that reward patients for being smart shoppers, as a result, few programs exist.
- HB 1959 (Frank), pending in the insurance committee, would remove these barriers so health plans can more effectively reward patients who seek high-value care, without a mandate.
- **HB 5099 goes from a near ban on shared savings incentives to a mandated shared savings program that hasn't worked, hasn't been fully tested, and has significant concerns.**

Cash Payments Create Perverse Incentives:

- HB 5099 would require health plans to make direct cash payments or other cash incentives to patients if they chose lower cost care, even inadvertently.
- Planned health care services in lower cost areas of the state would now come with a mandatory cash payment.
- Patients would now also have a new financial incentive to receive extra tests and extra services that they may not have gotten without this law.
- All of these costs must be priced into employer/employee health insurance premiums.
- Incentives above \$600 would now require patients to get a 1099 tax form.

Administrative Costs Outweigh Any Benefits as Other Versions of these Concepts Have Failed Around the Country

- States have attempted these "right to shop" programs with little success. For example, Florida's state employee program has 3 times higher admin costs than savings.
- Maine's commercial market mandated program had just 46 employees use the program (.03%) for savings of \$2,360 in 2023. Strikingly low participation for even a small state.
- Virginia's commercial market mandated program had just 1,391 incentive payments and engaged less than 1% of enrollees in 2024.

Texas Shouldn't "Test out" Concepts on Employers & Families

- No state has passed a mandated share savings program anywhere near this form.
- The shared savings program in ERS today caps incentives at \$500 on an HSA card.
- Employers are already squeezed in Texas, small employers only have two market options.