

Protecting Texas Employer Coverage



Employer Coverage Works for Texans – but State Mandates are Pricing Small Employers Out

Texans on Employer Coverage

The single largest source of coverage in Texas

15.4M

ERISA – Federally Regulated

12.2M 79%



4 of 5 employer-covered Texans are in ERISA plans

— self-funded and level-funded, federally regulated, free from expensive state mandates.



More Affordable: Employers are choosing these plans because they're more affordable and flexible.

Fully Insured – TDI Regulated

3.2M 21%

Every Texas mandate applies to this shrinking slice — and **small employers and their employees are unfairly paying the largest price.**

SMALL GROUP
(2-50)

~670K

LARGE GROUP

~2.5M

Who Offers Coverage in Texas

54%

 of Texas Employers offer health benefits

96%

 large employers

38%

 small employers

Texas small employers are paying the price for state mandates.

15–20%

 premium increases for Texas small employers in 2026

36–82%

 above the national average

Texas Employer Sentiment

87%

of Texas employers say health care costs are rising at an **unsustainable rate.**

Recommendation

Mandate-lite gives small employers the same flexibility large employers already have.

ERISA-style coverage is broad, comprehensive, and affordable — and it's what most Texas employees are already in.

Broad Coverage

Keeps the federal floor — ACA essential benefits, preventive care, and consumer protections. **Not skimpy coverage.**

19% Lower Costs

Average savings for employers who move from fully insured to level-funded — closing the price gap with large employers.

Employer Choice

Employers **opt in** — no forcing. Small employers get the flexibility ERISA already gives large employers.

The Ask: Give small and midsize employers **opt-in** access to the same ERISA-like mandate-lite coverage that already works for 80% of Texas workers and their families.

Four more ways the Legislature can protect employer coverage from rising costs:

1 PROTECT

Moratorium on new mandates — and use HICCAP (HB 138)

If a mandate is considered, use the **fiscal note process the Legislature created** to show the true cost before a vote.

2 REPEAL

Stop forcing employers to buy expensive coverage

Repeal the **two-plan mandate** that forces employers offering an affordable HMO to also offer a higher-priced PPO.

3 BUILD

Support ICHRAs for small employers

Help small employers afford coverage through new tax-advantaged **Individual Coverage HRAs** — a monthly allowance employees use to buy their own coverage.

4 RECOVER

Root out fraud, waste, and abuse

Texas estimates **10% of health spending** is lost to fraud, waste, and abuse. Extend the same protections Texas uses to fight Medicaid fraud to commercial coverage.