

Texas Health Plans Cover More than 25 Million Texans

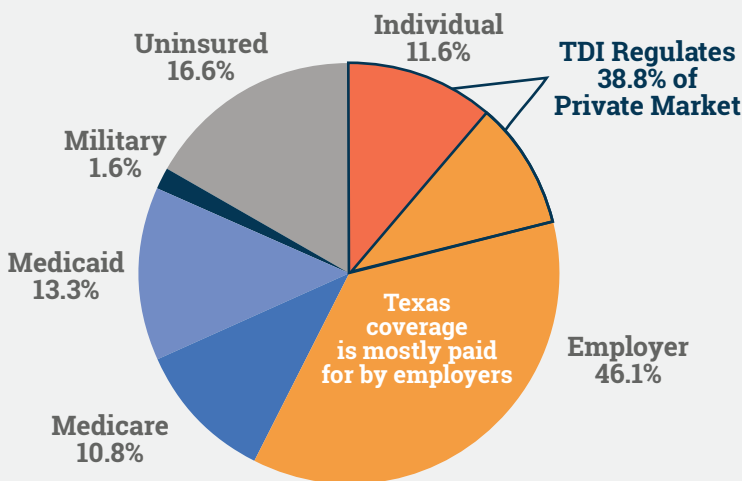
A 101 Guide to Health Coverage in Texas

What is health coverage?

Health coverage is financial protection against unexpected medical bills. You pay a predictable monthly premium so that a hospital stay, cancer diagnosis, or car accident doesn't wipe out your family budget — a single hospital stay can cost \$30,000 or more, and a serious illness can run into the hundreds of thousands.

Who has coverage in Texas?

Most Texans get coverage through an employer. Government and individual markets fill in the rest.



59%
Private market coverage
Employer + individual

15M
Employer coverage
Largest single source

4M
Individual market
Quadrupled since 2020

25%
Government coverage
Medicaid (4m) + Medicare (3.6m)

5M
Uninsured Texans
Employment cited as #1 reason

54%
TX employers offer coverage
38% small/96% large

39%
TDI regulates 39% of private market
Fully insured plans only

4 of 5
Employees are in ERISA plans
Outside Texas regulation

Two main types of private health coverage in Texas

The regulator depends on who takes the financial risk for paying claims.

Fully insured

STATE

6.8M Texans

WHO TAKES THE RISK?

The health insurer collects premiums and pays claims.

WHO REGULATES IT?

Texas Department of Insurance. Must follow every state mandate.

WHO'S IN IT?

Small employers, individual market, some midsize groups

ERISA self-insured

FEDERAL

12.2M Texans

WHO TAKES THE RISK?

The employer pays claims directly out of company funds.

WHO REGULATES IT?

Federal government under ERISA. State mandates and TDI rules don't apply.

WHO'S IN IT?

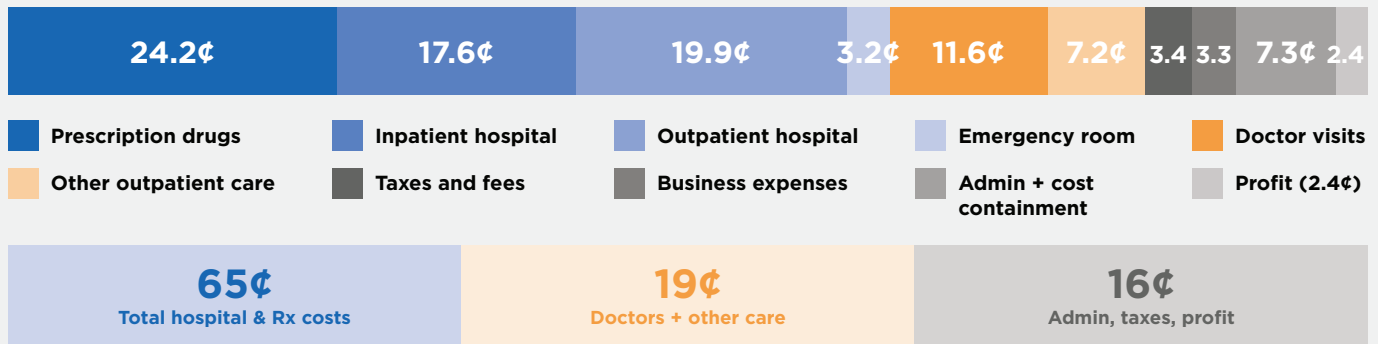
Most large employers — about 4 of 5 employer-covered Texans

How premiums work and where the money goes

A premium is what you pay each month to stay covered. It reflects the expected cost of care — actuaries project what the covered group will need next year, and rates are reviewed and approved by regulators before reaching consumers. Most of every premium dollar is required by law to go to medical care.

Hospital & drug spending accounts for 65% of health insurance dollars

Where does your health care dollar go?



Why the same coverage can cost very different

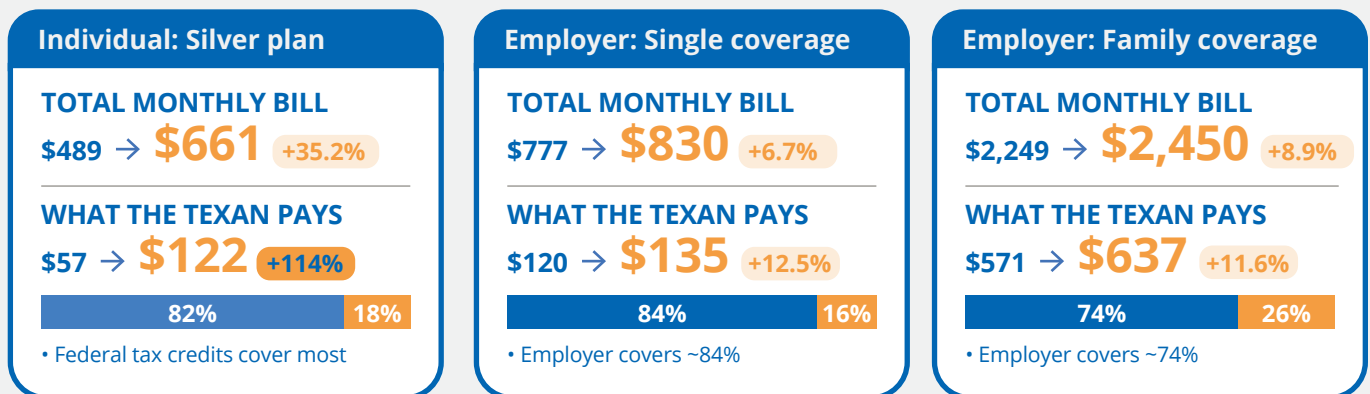
Every plan splits expected medical costs between the employer or member and the insurer. Plans that pay more up front — low deductibles, low copays — have higher premiums. Plans where the member pays more at the point of care have lower premiums.

Why premiums are going up in 2026

Health care is growing faster than inflation. Nearly **90%** of the 2026 premium increase is tied to rising prices for hospitals, drugs, and provider services — the underlying cost of care.

2026 premium projections: Who pays the bill

Monthly premium increases 2025–2026, what the Texan pays out-of-pocket, and who covers the rest.



Sources: TDI 2026 Rate Filings; KFF 2025 Employer Survey; Mercer 2026 Forecast; Texas 2036; AHIP