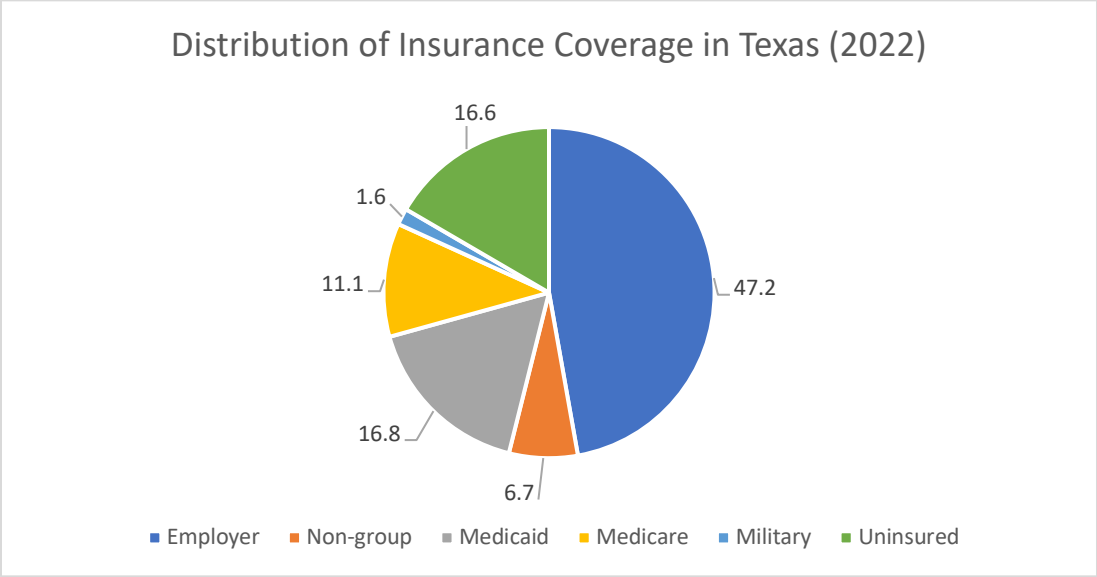
# Texas

## Sources of Insurance Coverage




**Source: KFF, Health Insurance Coverage of the Total Population, 2022*

### Medicare

In Texas, 3.3 million residents are enrolled in Medicare, 11.1% of the state's population (2022 data). Of those, 55% are enrolled in a Medicare Advantage plan. For Texans in the traditional Medicare program, the Texas Department of Insurance (TDI) offers a listing of companies that sell Medicare supplemental plans in the state.

### Medicaid and the Children's Health Insurance Program (CHIP)

In Texas, 4.9 million people are enrolled in Medicaid or CHIP, 16.8% of the population (2022 data). The programs cover half of all Texas children and help provide care for two-thirds of people in nursing homes.

In Texas, Medicaid benefits are provided via private managed care organizations (referred to as the STAR Managed Care program). These insurers have contracts with the Texas Department of Health & Human Services.

Texas has chosen not to adopt the Affordable Care Act's expansion of Medicaid. The state's program does not cover any childless adults and covers low-income parents with household income up to only 16% of the federal poverty level (FPL), the lowest income threshold in the country. Approximately 772,000 adults are in the "coverage gap," meaning their income is too high for Medicaid eligibility but too low to qualify for Marketplace premium tax credits.

In Texas, the CHIP program operates as both an expansion of Medicaid and a separately run program. Via Medicaid, Texas covers children up to 18 years of age in households with income

up to 138% FPL. The state uses the CHIP program to cover children in households with income up to 206% FPL.

## Employer-sponsored insurance

In Texas, 13.9 million people are covered by employer-sponsored insurance (ESI), or 47.2% of the total state population (2022 data). Approximately 46.1% of Texas employers offer ESI. However, offer rates vary significantly by size of firm. In Texas, 97.8% of large firms (50 or more employees) offer ESI, while 27.4% of small employers offer ESI.

In Texas, approximately 40.5% of private sector businesses that offer health insurance self-fund at least one health plan. For large firms (50 or more employees) that offer health insurance, 64.2% self-fund at least one health plan.

## Individual Market Insurance

Approximately 6.7% of Texans are enrolled in the individual market (2022 data). Of those, in 2023, 2.4 million Texans selected a plan through the Affordable Care Act Marketplace, which in Texas is run by the federal government. It is more challenging to ascertain enrollment numbers for off-Marketplace individual market enrollment.

Although individual market health insurance (both on- and off-Marketplace) is usually regulated under state law, Texas has declined to enforce several federal insurance laws, so individual market insurance in the state is also regulated by the federal Centers for Medicare & Medicaid Services (CMS).

## Other Coverage

Many Texans are enrolled in other forms of insurance coverage, such as coverage for the military (TRICARE or U.S. Veterans Administration), which covers 1.8%, or 466,500 Texans.

## The Uninsured

Approximately 16.6%, or 4.9 million Texans are uninsured (2022 data). Texas has the highest uninsured rate in the country, significantly higher than the national average of 8.6% uninsured. The high rate of uninsurance in Texas is likely due to the state's decision not to expand its Medicaid program under the ACA, as well as extremely low income thresholds for those categories of people, such as pregnant women and parents, who can qualify for Texas Medicaid coverage. Additionally, Texas has a high population of individuals who are not legally present. These individuals are not eligible for government programs such as Medicaid, Medicare, or the health insurance Marketplaces.

Among the non-elderly population, people of color in Texas are more likely to be uninsured than White people. Hispanic residents have the highest uninsured rate (27.8%), followed by American Indian/Alaska Native and Black residents (16%). Asian residents have the lowest uninsured rate among all Texans (9.7%). Lack of insurance is also highly correlated with income. Approximately 30.4% of non-elderly people under 100% FPL are uninsured in Texas, while 8% of those over 400% FPL are uninsured.

## State Regulators: Texas

Texas is one of four states that has declined to allow its insurance department to enforce the insurance reforms contained in the Affordable Care Act. As a result, the federal government through CMS) is responsible for the oversight and enforcement of federal law in the state. The CMS Regional Office for Texas is based in Dallas. Contact information for members of the media is available here.

### Texas Department of Insurance (TDI)

TDI regulates the business of insurance in the state of Texas. For health insurance companies, TDI is responsible for:

- **Licensure**: All insurers operating in the state must demonstrate that they are financially solvent and capable of paying claims. After initial licensure, companies must file financial information with TDI on a regular basis. TDI is also responsible for the licensing and oversight of health insurance agents and brokers.
- **Form review**: TDI reviews health insurers' contracts and covered benefits to ensure that they comport with state law, including state benefit mandates and network adequacy standards. As noted above, however, TDI does not review plan contracts for compliance with Affordable Care Act standards. This function is performed by CMS.
- **Rate review**: TDI collects data from health insurers about their projected costs and premiums. However, unlike in many other states, TDI does not have the authority to disapprove or require changes to an insurer's proposed premium rate.
- **Marketing**: TDI is responsible for oversight of insurers' marketing tactics and discouraging unfair or deceptive tactics. The agency also licenses insurance agents and brokers.
- **Enforcement**: TDI has authority to enforce state and federal insurance laws (though not, currently, the ACA). Their enforcement tools can range from requesting a corrective action, issuing a cease and desist order, imposing fines, or seeking an injunction.
- **Appeals**: Under the Affordable Care Act, insurers must provide enrollees with the right to an external, independent appeal. Because Texas's external review process does not meet federal standards, insurers with Texas enrollees must use either an external review system administered by the U.S. Department of Health & Human Services, or contract with an accredited independent review organization.

A list of insurers licensed and regulated by TDI is available here, and the agency provides a lookup tool for state-licensed entities and individuals that sell insurance, here. The agency also publishes annual and other topic-based reports, such as on prescription drug spending, available here.

Texas law allows the state Farm Bureau to offer health benefit plans to its members. Such plans are not defined under state law as health insurance, and are not required to comply with federal or state health insurance standards and regulations.

### Texas Department of Health & Human Services

Texas' Department of Health & Human Services (DHHS) runs the state's Medicaid and CHIIP programs, and manages the contracts with the managed care organizations (MCOs) that deliver Medicaid and CHIP benefits. A state map of Medicaid/CHIP MCOs, by service area, is available here and MCO enrollment data is available here.

DHHS can conduct an enforcement action against an MCO if it fails to meet its contract obligations. Enforcement actions can include requiring the MCO to pay damages or to implement a corrective action plan. The agency can also suspend all or part of new member enrollments or suspend or terminate the MCO's contract. Texas law requires the agency to publicly post information about enforcement actions it has taken against MCOs, available here.

### Texas State Attorney General

The Office of the Texas Attorney General represents TDI in court when there is an action against an insurance company, entity, or individuals engaged in potentially fraudulent activity. https://www.texasattorneygeneral.gov/consumer-protection/financial-and-insurance-scams/insurance. Records requests can be submitted here.

### Texas Office of Public Insurance Counsel

The Office of Public Insurance Counsel (OPIC) represents and educates consumers about insurance issues, including issues with health insurance. Agency staff review insurance rates and policies and may submit comments to TDI. They also engage in consumer education about health insurance and how it works. https://www.opic.texas.gov/health-insurance/

## Other Sources of Information

### Health Insurance Navigators, Agents and Brokers (collectively, "consumer assisters")

Although Texas' health insurance Marketplace is run by the federal government, CMS provides grants to local organizations called "Navigators" that are tasked with assisting consumers determine eligibility for subsidized coverage programs and helping them with post-enrollment questions. Texas-based health insurance agents and brokers perform similar consumer assistance functions, and are generally paid on a commission basis. These consumer assisters can be helpful sources of information about health insurance and the challenges consumers face. They can be located through the "Find Local Help" search portal on HealthCare.gov.