



BlueCross BlueShield of Texas



TEXAS ACADEMY OF FAMILY PHYSICIANS



Texas Services Chapter



NAMI Texas



American Heart Association



Texas Alliance of Brain Injury Providers

Principles for a Texas-Run Health Insurance Marketplace and Health Care Innovation Waiver

The Texas Health Insurance Marketplace is booming. In 2023, a record 2.4 million Texans signed up for quality, affordable coverage.¹ Texas' enrollment growth rate has outpaced all states for three years running, and more insurers compete in the Texas Marketplace than in any other state. As a result, Texas' uninsured rate has declined, helping Texans get the health care they need, making it easier for Texans to start their own business, and improving financial viability of health care providers and physicians by reducing unpaid services.

Texas, like most states,² uses the federal Marketplace platform HealthCare.Gov to offer insurance options to eligible Texans. Despite its rocky initial rollout in 2014, HealthCare.Gov works extremely well for consumers, health care providers, physicians, and health plans, efficiently connecting people to health care coverage.

In recent years, a few states have transitioned from HealthCare.Gov to a state-based Marketplace (SBM) and have re-directed a portion of the Marketplace user fees for a purpose other than operating the Marketplace. Additionally, states hope more flexibility to administer the SBM will allow them to innovate regarding health care coverage.

However, implementation of an SBM also poses considerable risks. It would disrupt a system that is working well and create the risk of unplanned costs to the state, coverage losses, major technology failures, and a poor consumer experience. A report by Manatt concluded, "the collective SBM experience suggests that establishing an SBM is a heavy lift and should not be undertaken lightly... current [HealthCare.Gov] states could benefit from becoming SBMs if they are committed to state-specific goals."³

This is because the Marketplace is more than a website; it is an agency. For consumers, it is like a health shopping mall where self-employed Texans, small business employees, and others not offered affordable coverage at work can compare comprehensive health insurance plans and choose the one best for them. Behind the scenes, the Marketplace performs complex functions, including eligibility determinations, subsidy administration, health plan oversight and management, and consumer outreach and education.

House Bill 700 would establish a Texas-run SBM. If Texas chooses this option, it is imperative that it establish clear policy goals and timelines as well as an understanding of the significant administrative, technical, financial, and health system challenges such an undertaking will entail.

Alone or in addition to establishing an SBM, federal law also allows states to experiment with health care coverage initiatives by pursuing federal "1332 waivers," named after the portion of the Affordable Care Act authorizing them.

¹ KFF, [Texas Marketplace Enrollment, 2014-2023](#)

² KFF, [State Health Insurance Marketplace Types, 2023](#)

³ Manatt, "[Technology Opportunities for the ACA Marketplaces](#)," Dec. 2020

If Texas considers creating a state-based Marketplace and/or pursuing a 1332 waiver, our organizations support establishing the following principles and goals:

- 1. Increase enrollment in comprehensive, affordable health care coverage.** Legislation should ensure that Texas keeps what is working well today: comprehensive and affordable Marketplace coverage. All Marketplace coverage should be subject to community rating, guaranteed issue, essential health benefits, cost-sharing limits, and a prohibition on pre-existing condition exclusions. Texas should maintain true affordability protections that ensure premiums do not exceed a percentage of income.
- 2. Be part of a comprehensive approach to extending quality coverage to the uninsured in Texas, including adults working in low-wage jobs.** More than 5 million Texans lack health care coverage. Reducing this number will require a multi-pronged strategy. A Texas state-based Marketplace should work in tandem with other coverage strategies, including using federal Medicaid funds to cover low-wage adults and parents who *do not* qualify for Marketplace waiver coverage. To date, Texas is one of 11 states yet to extend coverage to this population.
- 3. Implement a seamless transition between Medicaid and the Marketplace.** In many families, parents are eligible for the Marketplace while their kids are eligible for Medicaid. Fragmented eligibility reviews between Medicaid and the Marketplace – whether the Marketplace is federal or state-based – create barriers when people move between programs. Without true eligibility system integration, Texans will get bounced between systems, disrupting continuity of care in addition to creating administrative hassles and costs for physicians and health care providers.
- 4. Match or exceed federal investments in marketing, outreach, and community-based enrollment assistance.** Such investments promote enrollment as well as foster a healthier risk pool, help maintain a stable market, and lower premiums.⁴ Too few uninsured people are aware of Marketplace subsidies.⁵ Enrolling in, renewing, and understanding health coverage is complicated. Robust community-based enrollment assistance is critical, particularly for reaching low-income and uninsured individuals, people who need assistance in a language other than English, and people with complex circumstances.
- 5. Ensure Marketplace funding is sufficient for a smooth transition and to provide robust consumer services.** Any decision to redirect user fees from Texas-based Marketplace operations should not be made until the SBM has operated successfully for at least two years. A Texas-run Marketplace should aim to continually improve upon the user experience.
- 6. Marketplace implementation and operations, including the design of any state subsidy or waiver, should be data-driven, and guided by an enduring, formal advisory committee.** Texas should create an advisory committee comprising diverse stakeholders – including consumers, physicians and providers, and insurers – to guide implementation of the state Marketplace and design of any state subsidy and waiver. Subsidy and waiver design should be research- and data-driven to maximize enrollment in quality, affordable coverage.
- 7. The Marketplace should be transparent and accountable.** Marketplace implementation and operations should be transparent and provide ample opportunity for public input. Marketplace vendor contracts should be competitively bid.
- 8. Direct the Texas Department of Insurance to enforce Affordable Care Act market rules.** States that run a Marketplace must certify that health plans adhere to ACA rules. TDI will need both the authority and sufficient staff to enforce ACA market reforms alongside a state Marketplace. Texas is one of only four states that does not perform this function today.⁶

Contact: Helen Kent Davis, Associate Vice President, Texas Medical Association, Helen.davis@texmed.org or Ben Wright, Director, Texas Medical Association, ben.wright@texmed.org

⁴ Covered California, “Marketing Matters,” Sept. 2017

⁵ Urban Institute “[Uninsured Adults’ Marketplace Knowledge Gaps Persisted in April 2021](#),” Sept. 28, 2021

⁶ CCIIO, [Ensuring Compliance with the Health Insurance Market Reforms](#)