February 5, 2025

Dear Governor Abbott,

We respectfully request your assistance in ensuring that the Texas Department of Insurance (TDI) does not apply state health care mandates to self-funded employer health plans protected by the Employment Retirement Income Security Act (ERISA). Expanding these mandates would significantly increase costs for Texas businesses and undermine the intent of the Legislature, recent court rulings, and ERISA's federal protections.

ERISA provides a consistent, nationwide regulatory framework that allows employers to offer tailored, affordable health benefits across state lines. This framework helps businesses avoid costly, conflicting state mandates, enabling them to provide high-quality, affordable coverage to their employees and their families. ERISA's protections are vital for Texas employers who voluntarily cover nearly 80% of employee health premiums, a key factor in attracting and retaining talent.

The Issue:

A recent Attorney General opinion has created uncertainty by suggesting that costly state mandates from HB 1763 and HB 1919 may now apply to ERISA-governed self-funded plans. However, during the 88th Session, similar proposals to expand these same mandates to ERISA self-funded plans were explicitly rejected by the Legislature. Additionally, state-funded health plans like ERS (Employee Retirement System) and TRS (Teacher Retirement System) were exempted from these mandates due to a projected $70 million increase in costs. It is clear that extending these expensive mandates to private employer plans would similarly drive up costs, burden businesses, and harm Texas workers and their families.

Impact on Texas Employers:

Texas employers rely on ERISA's consistent regulatory framework to manage health benefits efficiently and affordably. Imposing additional state mandates disrupts this stability, forcing businesses into a one-size-fits-all approach and creating compliance challenges. Employers' investment in health benefits is significant, and adding costly mandates would limit their ability to offer competitive coverage options in an already challenging market.

Texas employers are growing increasingly concerned with legislative attempts to expand expensive mandates to ERISA health benefit plans. We recently submitted a letter to legislators, signed by over 40 large employers and chambers of commerce statewide, underscoring the vital role ERISA plays in supporting Texas businesses and their workforce. In the letter, employers stress the importance of maintaining a consistent regulatory framework that allows businesses to operate confidently across state lines.

Our Request:

The opinion issued by the Office of the Attorney General is advisory in nature, and TDI is neither obligated to follow it nor should they consider altering their processes while the legislature is in session. We respectfully ask that you direct TDI to refrain from applying costly state mandates to self-funded employer health plans governed by ERISA. Expanding these mandates would undermine the uniform, nationwide framework that Texas businesses depend on, leading to higher costs and significant compliance challenges that could stifle economic growth. By safeguarding ERISA plans, you'll help maintain Texas as a top destination for business investment and enable employers to continue providing high-quality, affordable health benefits to millions of families.

Thank you for your continued leadership in fostering a pro-business environment in Texas. We appreciate your attention to this critical issue and look forward to working with your office to protect the vital role Texas employers play in providing health coverage for millions of families across our state.

Sincerely,

Glenn Hamer, President & CEO,
Texas Association of Business.

Michael Power, Assistant Vice President,
State Affairs, Pharmaceutical Care
Management Association.

Jaime Dudensing, President & CEO,
Texas Association of Health Plans.

Carol Sims, Executive Director,
Texas Civil Justice League.

Mary Tipps, Executive Director,
Texans for Lawsuit Reform.