

SUBJECT: Allowing districts to discontinue participation in TRS-Active Care

COMMITTEE: Pensions, Investments and Financial Services — favorable, without amendment

VOTE: 9 ayes — Anchia, Parker, Capriglione, Muñoz, Perez, Rogers, Slawson, Stephenson, Vo
0 nays

SENATE VOTE: On final passage, May 6 — 30-0

WITNESSES: No public hearing.

BACKGROUND: The Teacher Retirement System of Texas is required by Insurance Code ch. 1579 to establish plans of group health coverages for participating employees and their dependents.

Interested parties note that certain school districts are required to participate in the uniform group coverage program for active school employees known as TRS-ActiveCare. There have been calls to provide an option for districts to discontinue participation and seek health plans outside the program that could offer more affordable premiums and deductibles.

DIGEST: SB 1444 would authorize an entity participating in the uniform group health coverage program for active school employees, effective September 1, 2022, to elect to discontinue its participation in the program by providing written notice to the Teacher Retirement System (TRS) not later than December 31 of the year preceding the first day of the plan year in which the election would be effective.

The following provisions would apply to an entity that elected to discontinue participation in TRS-ActiveCare:

- the entity could not elect to participate in the program until the fifth

- anniversary of the effective date of the entity's election to discontinue participation; and
- after resuming participation, the entity could not again elect to discontinue participation until the fifth anniversary of the effective date of the election to resume participation.

Effective September 1, 2022, an entity that elected to participate in TRS-ActiveCare would have to provide written notice to TRS not later than December 31 of the year preceding the first day of the plan year in which the election would be effective. The entity could not elect to discontinue its participation until the fifth anniversary of the effective date of its election to participate.

TRS would have to adopt rules prescribing the time and manner for making an election relating to program participation and could adopt rules necessary to administer the bill's provisions.

An entity that was participating in TRS-ActiveCare could not offer or make coverage available outside the program to its employees or their dependents.

Study. SB 1444 would require each regional education service center to establish a regional school district health coverage advisory committee to conduct a study assessing health care needs of and health coverage options currently available to employees of districts served by that service center and alternative health coverage options that might be available. The bill would establish the composition of the committee and details about how the study would be conducted. The written report of each committee would have to be submitted by November 1, 2022, to the governor, lieutenant governor, House speaker, members of certain legislative committees, TRS, and the Texas Education Agency.

The bill would take effect September 1, 2021.

NOTES:

The House companion bill, HB 4078 by Bonnen, was considered by the House Pensions, Investments, and Financial Services Committee in a

public hearing on May 5, reported favorably as substituted on May 7, and sent to the Local and Consent Calendars Committee.