

BILL ANALYSIS

Senate Research Center
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H.B. 3178
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State Affairs
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Engrossed

DIGEST

Currently, Texas law provides that an individual who has five or more years of service under the Teacher Retirement System as a public school teacher can work at the University of Texas (UT) or Texas A&M University (A&M) for one day and retire as a UT or A&M retiree under the medical plan with entitlement to premium sharing funds, which the individual would otherwise not receive. In April 1, 1992, the University of Houston System and Texas Tech University elected to join the Employee Retirement System (ERS) Insurance Program. H.B. 3178 would clarify the definitions of certain terms to include these institutions in the ERS insurance program, and would clarify an employee's entitlement to automatic coverage; allow electronic authorization for premium cost deduction from an employee compensation; and establish surviving spouse or dependant entitlements to continuing health plan coverages, provided those persons pay the full cost of coverage.

PURPOSE

As proposed, H.B. 3178 sets forth provisions regarding coverage for certain health benefits under the Texas State College and University Employees Uniform Insurance Benefits Act.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 3(a), Article 3.50-3, Insurance Code, to redefine "administering carrier," "retired employee," "employee," "employer," "institution," and "qualified carrier." Defines "basic coverage" and "optional coverage." Makes conforming and nonsubstantive changes. Deletes the definition for "Texas Tech University" and "University of Houston System."

SECTION 2. Amends Sections 4(a), (b), (d), (e), and (f), Article 3.50-3, Insurance Code, to require each institution to implement the program for the benefit of its employees and retired employees. Provides that the services an institution is authorized to select and contract be performed by a health maintenance organization approved by the State of Texas, rather than by the federal government or the State of Texas if available. Exempts a plan of coverages for which the institution does not purchase insurance, but provides coverage, under this Act on a self-insured basis, from any other insurance law unless the law expressly applies to this plan or this Act. Deletes existing text relating to the requirements imposed on a health maintenance organization, and the feasibility of the establishment of a cafeteria plan. Makes conforming changes.

SECTION 3. Amends Section 5, Article 3.50-3, Insurance Code, to include a plan description among the documents issued to an insured employee or retired employee under this Act and a summary of the provisions of a contract among the items included in the certificate of insurance or plan description. Makes conforming changes.

SECTION 4. Amends Section 8(b), Article 3.50-3, Insurance Code, to make conforming changes.

SECTION 5. Amends Section 9(a), Article 3.50-3, Insurance Code, to make a conforming change.

SECTION 6. Amends Section 10, Article 3.50-3, Insurance Code, to make conforming changes.

SECTION 7. Amends Section 11, Article 3.50-3, Insurance Code, to delete text requiring each policy of

insurance to provide for automatic coverage on the date the employee becomes eligible for insurance. Provides that other coverages provided under this Act for which an employee or retired employee may make application under this section are provided within applicable standards, rather than within institutional and administrative council standards. Makes conforming and nonsubstantive changes.

SECTION 8. Amends Section 12, Article 3.50-3, Insurance Code, to provide that an employee and retired employee may electronically authorize a certain specified deduction. Requires a retired employee to execute agreements and make appropriate contributions in a manner analogous to the requirements adopted under this section (Payment of Premiums) for an active employee. Makes conforming changes.

SECTION 9. Amends Section 17, Article 3.50-3, Insurance Code, by adding Subsection (b), to authorize a surviving spouse of an employee or retired employee, who meets specified conditions, to elect to retain the spouse's authorized coverages and retain authorized coverage for an eligible dependent, at the group rate for employees, following the death of the employee or retired employee, provided that at the time of death such coverage was in effect for the spouse or dependent(s). Makes a conforming change.

SECTION 10. Effective date: September 1, 1999. Provides that this Act applies only to a group coverage that is delivered, issued for delivery, or renewed under Article 3.50-3 (Texas State College and University Employees Uniform Insurance Benefits Act), V.T.C.S., on or after January 1, 2000.

SECTION 11. Effective date: September 1, 1999.

SECTION 12. Emergency clause.