

## **BILL ANALYSIS**

Senate Research Center  
78R8327 DLF-D

S.B. 1369  
By: Duncan  
Finance  
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As Filed

### **DIGEST AND PURPOSE**

In 1985, the legislature created a comprehensive group health benefit plan for eligible retired Texas public school employees and their eligible dependents. Historically, the program has been funded through a combination of state, active teacher, and retiree contributions. However, program expenditures are now exceeding revenues. As proposed, S.B. 1369 sets forth changes to the Texas School Employees Uniform Group Health Coverage Act and the Texas Public School Employees Group Benefit Act.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Teacher Retirement System of Texas (TRS) in SECTION 1.01 (Section 3, Article 3.50-7, Insurance Code) of this bill. Rulemaking authority is transferred from the commissioner of insurance or state auditor, as applicable, to the board of trustees of TRS in SECTION 1.04 (Section 22.004(h), Education Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

#### **ARTICLE 1. TEXAS SCHOOL EMPLOYEES UNIFORM GROUP HEALTH COVERAGE ACT AND BENEFITS FOR SCHOOL EMPLOYEES**

SECTION 1.01. Amends Section 3, Article 3.50-7, Insurance Code, by adding Subsection (g), to require the Teacher Retirement System of Texas (TRS) to provide the group health coverage plan under this article through a defined contribution plan. Authorizes TRS to provide optional coverages offered under the program through the defined contribution plan. Requires TRS to adopt rules as necessary to implement this subsection.

SECTION 1.02. Amends Section 2(c), Article 3.50-8, Insurance Code, to require TRS to distribute funds under this article in equal annual, rather than monthly, installments.

SECTION 1.03. Amends Section 2(c), Article 3.50-9, Insurance Code, to remove text relating to the deposit of amounts used as required by this section in a fund established for the payment of employee health coverage that meets requirements for those funds prescribed by the Texas Education Agency.

SECTION 1.04. Amends Section 22.004(h), Education Code, to provide that an audited financial statement provided under this section must be made in accordance with rules adopted by the board of trustees of TRS, rather than the commissioner of insurance or state auditor as applicable.

#### **ARTICLE 2. TEXAS PUBLIC SCHOOL EMPLOYEES GROUP BENEFITS ACT**

SECTION 2.01. Amends Section 1575.003(1), Insurance Code, as effective June 1, 2003, to redefine "dependent" to include an unmarried child younger than 19, rather than 25, years of age.

SECTION 2.02. Amends Section 1575.159, Insurance Code, as effective June 1, 2003, to require a

health benefit plan offered under the group program to provide coverage for a medically accepted prostate-specific antigen test used for the detection of prostate cancer for each male enrolled in the plan who is at least 55, rather than 50, years of age; or is at least 35, rather than 40, years of age and meets certain conditions.

SECTION 2.03. Amends Section 1575.202(a), Insurance Code, as effective June 1, 2003, to require the state to contribute to the fund an amount equal to 0.1, rather than 0.5, percent of the salary of each active employee, each state fiscal year.

SECTION 2.04. Amends Section 1575.203(a), Insurance Code, as effective June 1, 2003, to require each active employee, as a condition of employment, to contribute to the fund an amount equal to 0.5, rather than 0.25, percent of the employee's salary, each state fiscal year.

SECTION 2.05. Repealer: Section 1575.204 (Ratio of State and Active Employee Contributions), Insurance Code, as effective June 1, 2003.

SECTION 2.06. Amends Section 1577.101, Insurance Code, to authorize, rather than require, the TRS board of trustees to contract with one or more carriers authorized to provide the applicable type of insurance to provide each type of coverage required by Subchapter B.

### ARTICLE 3. EFFECTIVE DATE

SECTION 3.01. Effective date: September 1, 2003.