

## **BILL ANALYSIS**

Senate Research Center  
78R8326 DLF-D

S.B. 1370  
By: Duncan  
Finance  
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As Filed

### **DIGEST AND PURPOSE**

Currently, the Texas Employees Retirement System, University of Texas System, Texas A&M University System, and Teacher Retirement System of Texas provide group health insurance benefits to over 1 million Texans. As proposed, S.B. 1370 implements cost-saving measures for these programs.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly delegated to the Teacher Retirement System in SECTION 1.01 (Section 3, Article 3.50-7, Insurance Code) of this bill.

Rulemaking authority previously granted to the commissioner of insurance or state auditor, as applicable, is transferred to the board of trustees of the Teacher Retirement System 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 (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 delete a reference to a fund established for the payment of employee health coverage that meets requirements for those funds prescribed by TEA.

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.

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

SECTION 2.01. Amends Section 1551.105, Insurance Code, as effective June 1, 2003, to provide that automatic coverage for a state employee under this subchapter begins on the 90th day after the date the employee becomes eligible for coverage, rather than on the date the employee becomes eligible for coverage. Provides that automatic coverage for an annuitant under this subchapter begins on the date the annuitant becomes eligible for coverage.

SECTION 2.02. Repealer: Section 1551.101(c) (making an individual who is appointed, subject to confirmation by the senate, as a member of the governing body with administrative responsibility over a statutory state agency that has statewide jurisdiction and whose employees

are covered by this chapter, eligible to participate in the group benefits program), Insurance Code, as effective June 1, 2003.

SECTION 2.03. Amends Subchapter G, Chapter 1551, Insurance Code, as effective June 1, 2003, by adding Section 1551.321, as follows:

Sec. 1551.321. MINIMUM CONTRIBUTION OF CERTAIN EMPLOYEES. Provides that, notwithstanding Section 1551.319 or any other provision of this chapter, a full-time employee working less than 40 hours a week is required to contribute at least 50 percent of the cost of coverage selected by the employee for the employee and at least 75 percent of the cost of coverage selected by the employee for the employee's dependents.

#### ARTICLE 3. TEXAS PUBLIC SCHOOL EMPLOYEES GROUP BENEFITS ACT

SECTION 3.01. Amends Section 1575.003(1), Insurance Code, as effective June 1, 2003, to redefine "dependent" to include an unmarried child of a retiree, active employee, or deceased active employee if the child is younger than 19, rather than 25, years of age.

SECTION 3.02. 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 has certain risk factors.

SECTION 3.03. Amends Section 1575.202(a), Insurance Code, as effective June 1, 2003, to require the state, each fiscal year, to contribute to the fund an amount equal to 0.1, rather than 0.5, percent of the salary of each active employee.

SECTION 3.04. Amends Section 1575.203(a), Insurance Code, as effective June 1, 2003, to require each active employee, each state fiscal year, 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.

SECTION 3.05. Repealer: Section 1575.204 (Ratio of State and Active Employee Contributions), Insurance Code, as effective June 1, 2003.

SECTION 3.06. Amends Section 1577.101, Insurance Code, as effective June 1, 2003, to authorize, rather than require, the 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 4. STATE UNIVERSITY EMPLOYEES UNIFORM INSURANCE BENEFITS ACT

SECTION 4.01. Amends Section 1601.004(a), 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 4.02. Amends Section 1601.060(a), Insurance Code, as effective June 1, 2003, to require a carrier providing coverage purchased under this chapter to a system to provide an accounting for each line of coverage to the system not later than the 30th, rather than 120th, day after the end of each calendar quarter, rather than plan year.

SECTION 4.03. Repealer: Section 1601.201 (Payment for Optional or Basic Coverage), Insurance Code, as effective June 1, 2003.

#### ARTICLE 5. EFFECTIVE DATE

SECTION 5.01. Effective date: September 1, 2003.