

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1370
By: Duncan
Finance
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Committee Report (Substituted)

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. C.S.S.B. 1370 implements cost-saving measures for these programs.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Teacher Retirement System of Texas in SECTION 1.02 (Section 2, Article 3.50-8, Insurance 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 Article 3.50-7, Insurance Code, by adding Section 7A, as follows:

Sec. 7A. REQUIRED WAITING PERIOD. Provides that, notwithstanding Section 7(b) of this article, an employee is not eligible for coverage under the program until the 90th day after the date the employee is employed by a participating entity.

SECTION 1.02. Amends Section 2, Article 3.50-8, Insurance Code, by amending Subsection (a) and by adding Subsections (e), (f), and (g), as follows:

(a) Requires the Teacher Retirement System of Texas (TRS), each year, to deliver to certain entities state funds in an amount, as determined by TRS, equal to the product of the number of certain active employees, other than in the capacity of professional support staff, multiplied by \$500, rather than \$1,000, or a greater amount as provided by the General Appropriations Act for purposes of this article.

(e) Provides that a member of the professional staff of a district, charter school, or service center described by Subsection (a) of this section is not eligible to receive state funds under Subsection (a) of this section.

(f) Provides that for purposes of this section, a member of the professional staff of a district, charter school, or service center described by Subsection (a) of this section has the meaning defined by rule by TRS.

(g) Provides that an employee is not eligible to receive a state contribution under this article until the 90th day after the date the employee is employed by an entity described by Section 1(2)(A) of this article.

SECTION 1.03. Requires the state, notwithstanding Article 3.50-8, Insurance Code, to pay the state contribution for active employee health coverage or supplemental compensation authorized under

Section 2, Article 3.50-8, Insurance Code, for the last month of state fiscal year 2005 not earlier than the first day of the first month of state fiscal year 2006.

SECTION 1.04. Requires the comptroller of public accounts, effective September 1, 2003, to transfer \$42 million from the Texas school employees uniform group coverage trust fund established under Section 8, Article 3.50-7, Insurance Code, to the retired school employees group insurance fund described by Subchapter G, Chapter 1575, Insurance Code, to compensate the retired school employees group insurance fund for money transferred from that fund under Section 4.01, Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001.

ARTICLE 2. TEXAS EMPLOYEES GROUP BENEFITS ACT

SECTION 2.01. Amends Sections 1551.003(3), (9), and (11), Insurance Code, as effective June 1, 2003, as follows:

- (3) Redefines “basic coverage.”
- (9) Redefines “full-time employee.”
- (11) Redefines “part-time employee.”

SECTION 2.02. Amends Section 1551.101(a), Insurance Code, as effective June 1, 2003, to make eligible an elected or appointed officer or employee who has certain characteristics to participate in the group benefits program as an employee on the date specified by Section 1551.1055.

SECTION 2.03. Amends Section 1551.102(a), Insurance Code, as effective June 1, 2003, to conform to Section 27, Chapter 1231, Acts of the 77th Legislature, Regular Session, 2001, and further, to provide that an individual who has at least a number of, rather than three years, of service credit, as determined by the board of trustees of the Employees Retirement System of Texas (ERS) in accordance with this section, for which the individual was eligible to participate in the group benefits program under Section 1551.101 or who has at least five years of membership and five years of military service credited in ERS, and who retires in a manner described by this section, is eligible, subject to Section 1551.1055, to participate as an annuitant in the group benefits program.

SECTION 2.04. Amends Section 1551.102, Insurance Code, as effective June 1, 2003, by amending Subsections (b), (c), (d), (f), and (g), and adding Subsection (h), as follows:

- (b) Modifies the criteria for an individual’s participation in the group benefits program.
- (c) Modifies the criteria for an individual’s participation in the group benefits program.
- (d) Modifies the criteria for an individual’s participation in the group benefits program.
- (f) Modifies the criteria for an individual’s participation in the group benefits program.
- (g) Modifies the criteria for an individual’s participation in the group benefits program.
- (h) Authorizes a person eligible to participate and participating in the group benefits program as an annuitant on September 1, 2003, to continue to participate in the program as an annuitant if a lapse in coverage has not occurred.

SECTION 2.05. Amends Section 1551.104(a), Insurance Code, as effective June 1, 2003, to make conforming changes.

SECTION 2.06. Amends Subchapter C, Chapter 1551, Insurance Code, as effective June 1, 2003,

by adding Section 1551.1055, as follows:

Sec. 1551.1055. DATE ELIGIBILITY BEGINS; WAITING PERIOD. (a) Provides that, except as provided by Subsection (c), eligibility under Section 1551.101 begins on the first day of the calendar month that begins after the 90th day after the date the employee performs services for a state agency or is qualified for and begins to hold elected or appointed office.

(b) Provides that, except as provided by Subsection (c), for an individual who does not retire at the end of the last month for which the individual is on the payroll of a state agency before retirement, eligibility under Section 1551.102 begins on the first day of the calendar month that begins after the 90th day after the date the individual retires.

(c) Provides that the waiting period established by Subsections (a) and (b) applies only to the determination of initial eligibility to participate in the group health benefits program and does not apply to the determination of initial eligibility to participate in optional and voluntary insurance coverages under the group benefits program.

SECTION 2.07. Amends Section 1551.109(a), Insurance Code, as effective June 1, 2003, to provide that, subject to Section 1551.351, on application to the board of trustees of ERS and arrangement for payment of contributions, an individual participating in the group benefits program on August 31, 2003, as a current or former member of a governing body with administrative responsibility over a state agency created under a statute of this state that has statewide jurisdiction and whose employees are covered by this chapter or as a current or former member of the State Board of Education, the governing body of an institution of higher education remains eligible for participation in a health benefit plan offered under this chapter if a lapse in coverage has not occurred.

SECTION 2.08. Amends Section 1551.111(b), Insurance Code, as effective June 1, 2003, to limit participation to individuals with certain characteristics.

SECTION 2.09. Amends Section 1551.112(a), Insurance Code, as effective June 1, 2003, to make conforming changes.

SECTION 2.10. Amends Section 1551.319, Insurance Code, as effective June 1, 2003, by adding Subsection (c), as follows:

(c) Requires the superintendents of the Texas School for the Deaf and the Texas School for the Blind and Visually Impaired to determine whether an educational professional employee under contract with the school under Section 30.024 or 30.055, Education Code, as applicable, is a full-time employee for purposes of this section.

SECTION 2.11. Repealer: Section 27 (amending the definitions of “annuitant” and “dependent”), Chapter 1231, Acts of the 77th Legislature, Regular Session, 2001.

SECTION 2.12. Repealers: Sections 1551.101(c) and (d) (pertaining to eligibility for the program), Insurance Code, as effective June 1, 2003.

ARTICLE 3. TEXAS RETIRED SCHOOL EMPLOYEES GROUP BENEFITS ACT

SECTION 3.01. Amends Section 1575.203(a), Insurance Code, as effective June 1, 2003, to require each active employee, each fiscal year, as a condition of employment, to contribute to the Texas public school employees group insurance fund an amount equal to 0.5, rather than 0.25, percent of the employee’s salary.

SECTION 3.02. Amends Section 1575.204, Insurance Code, as effective June 1, 2003, as follows:

Sec. 1575.204. New heading: EMPLOYING SCHOOL DISTRICT CONTRIBUTION. Requires each employing school district, each state fiscal year, to contribute to the Texas public school employees group insurance fund the amount prescribed by the General Appropriations Act, which may not be less than 0.25 percent or greater than 0.75 percent of the salary of each active employee of the school district. Deletes text regarding the ratio of state and active employee contributions.

ARTICLE 4. UNIFORM INSURANCE BENEFITS ACT FOR EMPLOYEES OF THE UNIVERSITY OF TEXAS SYSTEM AND THE TEXAS A&M UNIVERSITY SYSTEM

SECTION 4.01. Amends Section 1601.101(a), Insurance Code, as effective June 1, 2003, to make a conforming change.

SECTION 4.02. Amends Section 1601.102, Insurance Code, as effective June 1, 2003, by amending Subsection (a) and adding Subsections (f) and (g), as follows:

(a) Provides that an individual who retires in a manner described by this section and who meets the requirements of Subsection (f) is eligible to participate, subject to Section 1601.1045, as a retired employee in the uniform program.

(f) Sets forth criteria which must be met by an individual to be eligible to participate in the uniform group program, notwithstanding Subsections (b)-(d).

(g) Authorizes a person eligible to participate and participating in the uniform program as an annuitant on September 1, 2003, to continue to participate in the program as annuitant if a lapse in coverage has not occurred.

SECTION 4.03. Amends Subchapter C, Chapter 1601, Insurance Code, as effective June 1, 2003, by adding Section 1601.1045, as follows:

Sec. 1601.1045. DATE ELIGIBILITY BEGINS; WAITING PERIOD. (a) Provides that, except as provided by Subsection (c), eligibility under Section 1601.101 begins on the first day of the calendar month that begins after the 90th day after the date the employee performs services for a system.

(b) Provides that, except as provided by Subsection (c), eligibility under Section 1601.102, for an individual who does not retire at the end of the last month for which the individual is on the payroll of a system before retirement, begins on the first day of the calendar month that begins after the 90th day after the date the individual retires.

(c) Provides that the waiting period established by Subsections (a) and (b) applies only to the determination of initial eligibility to participate in the group health benefits program and does not apply to the determination of initial eligibility to participate in optional coverages under the uniform program.

SECTION 4.04. Amends Section 1601.201, Insurance Code, as effective June 1, 2003, as follows:

Sec. 1601.201. New heading: PAYMENT FOR COVERAGE. (a) Prohibits a system from contributing more than the amounts specified by this section for coverages provided under the uniform program. Deletes the existing text of Subsections (a) and (b).

(b) Specifies amounts for coverages provided under the uniform program.

(c) Specifies amounts for coverages provided under the uniform program.

ARTICLE 5. EFFECTIVE DATE; GENERAL TRANSITION

SECTION 5.01. Provides that, to the extent of any conflict, this Act prevails over another Act of the 78th Legislature, Regular Session, 2003, relating to nonsubstantive codifications of law or nonsubstantive additions to and corrections in enacted codes.

SECTION 5.02. Effective date: September 1, 2003.