

## BILL ANALYSIS

Senate Research Center  
78R6047 DLF-D

S.B. 817  
By: Fraser  
State Affairs  
4/7/2003  
As Filed

### DIGEST AND PURPOSE

Small counties are facing higher costs for health insurance for their employees and retirees. As proposed, S.B. 817 authorizes a county with a population of less than 250,000 to participate in the state group insurance benefits program. This bill also requires a county to offer coverage to all county officers, employees, and retirees. S.B. 817 authorizes the Employees Retirement System board to decline to accept a county for participation if doing so would result in an adverse actuarial impact on the state plan.

### RULEMAKING AUTHORITY

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

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 1551, Subchapter C, Insurance Code, as effective June 1, 2003, by adding Section 1551.114, as follows:

Sec. 1551.114. PARTICIPATION BY CERTAIN COUNTIES. (a) Provides that this section applies only to a county that has a population of less than 250,000.

(b) Authorizes a county subject to this section to participate in the group benefits program, subject to Subsection (k). Requires the county, in order to participate under this section to offer coverage under the program to all county officers, employees, and retired officers and employees and prohibits the county from offering a health benefit plan for its officers, employees, and retired officers and employees as an alternative to the plan offered by the program.

(c) Provides that participation under this section is limited to active officers and employees of a county, retired officers and employees of a county who have been employed by one or more counties for a total of at least 10 years of creditable service and meet all the requirements for retirement benefits prescribed by the Texas County and District Retirement System and eligible dependents of the active officers and employees and retired officers and employees described by Subdivisions (1) and (2).

(d) Provides that, a county officer, employee, or retired officer or employee and the eligible dependents of the officer, employee, or retired officer or employee are entitled to participate in the group coverage plans established by the board of trustees under the group benefits program in the same manner as other employees, annuitants, and dependents under the program and authorizes their expulsion from the program under Subchapter H.

(e) Provides that each officer and each full-time active employee of a participating county is automatically covered by the basic coverage for employees unless the officer or employee specifically waives coverage or unless the officer or employee is expelled from the program. Provides that each part-time active employee of a participating county is eligible to participate in the group benefits

program on application in the manner provided by the board of trustees, unless the employee has been expelled from the program. Requires each participating county to notify each of its part-time employees of the employee's eligibility for participation.

(f) Provides that an active officer or employee described by Subsection (e) is not eligible to receive a state contribution under Subchapter G for premiums. Provides that each participating county is responsible for payment of the contributions for each of the county's participating active officers and employees and the officers' and employees' dependents that the state would make under Subchapter G if the officers and employees were state employees. Requires each covered officer or employee to pay that portion of the cost of group coverages selected by the officer or employee that exceeds the amount of county contributions.

(g) Provides that a retired officer or employee is eligible to participate in the group benefits program on application to the board of trustees. provides that on application, a retired officer or employee is automatically covered by the basic coverage for annuitants unless the retired officer or employee specifically waives coverage or unless the retired officer or employee is expelled from the program. Provides that a retired officer or employee is not eligible to receive a state contribution under Subchapter G for premiums. Provides that each participating county is responsible for payment of the contributions for each of the county's retired officers and employees and the retired officers' and employees' participating dependents that the state would make under Subchapter G if the retired officers and employees were retired state employees. Requires each participating retired officer or employee to pay that portion of the cost of group coverage selected by the retired officer or employee that exceeds the amount of county contributions. Requires the retired officer or employee to pay contributions required from the retired officer or employee in the manner prescribed by the board of trustees. Requires each participating county to notify each of its retired officers and employees of the eligibility for participation and the costs associated with participation.

(h) Requires all contributions received under this section from participating counties, active officers and employees of participating counties, and retired officers and employees of participating counties for basic, optional, and voluntary coverages under the group benefits program to be paid into the employees life, accident, and health insurance and benefits fund and requires them to be used by the board of trustees to provide those coverages as provided by this chapter.

(i) Requires the board of trustees to include an amount necessary to reimburse the Employees Retirement System of Texas for the cost of administering this section in accordance with Section 1551.401(d), in determining the contributions to be paid for coverages under this section.

(j) Requires a county that elects to participate in the group benefits program to notify the board of trustees in the time and manner required by the board of trustees.

(k) Authorizes the board of trustees to decline to accept a county for participation in the group benefits program if the board determines that participation by the county will have an adverse actuarial impact on the group benefits program.

(l) Prohibits a county that has elected to participate in the group benefits program from withdrawing from participation.

(m) Provides that a county is an employer for purposes of this chapter only to the extent authorized by this section.

SECTION 2. Amends Section 1551.101, Insurance Code, as effective June 1, 2003, by adding Subsection (f) to provide that a county officer or employee is an employee for purposes of this chapter only to the extent authorized by Section 1551.114.

SECTION 3. Amends Section 1551.102, Insurance Code, as effective June 1, 2003, by adding Subsection (h) to provide that a retired county officer or employee is an annuitant for purposes of this chapter only to the extent authorized by Section 1551.114.

SECTION 4. Amends Section 1551.111(c), Insurance Code, as effective June 1, 2003, to provide that participation under this section does not extend to certain groups.

SECTION 5. Provides that the board of trustees of the Employees Retirement System of Texas is not required to make the group benefits program available to specified counties, as required by Section 1551.114, Insurance Code, as added by this Act, before September 1, 2004.

SECTION 6. Effective date: September 1, 2003.