

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 2974  
By: Flynn et al. (Huffman)  
State Affairs  
5/21/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

C.S.H.B. 2974 creates a joint interim committee to study TRS-Care and TRS-ActiveCare. The committee will examine the financial soundness of the plans; the cost and affordability of plan coverage to persons eligible for coverage under the plans; and the sufficiency of access to physicians and health care providers under the plans. C.S.H.B. 2974 adds administrative provisions for the agency.

C.S.H.B. 2974 amends current law relating to the systems and programs administered by the Teacher Retirement System of Texas.

### **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. Amend Sections 821.001(4) and (6), Government Code, to redefine "annual compensation" and "employee."

SECTION 2. Amends Section 822.001, Government Code, by adding Subsection (c), to provide that membership in the Teacher Retirement System of Texas (TRS) may only be established through employment with a single employer on at least a half-time basis.

SECTION 3. Amends Section 822.003(c), Government Code, to provide that a person does not terminate membership under Subsection (a)(4) if the person is employed by an employer covered by TRS and is not eligible for membership in TRS because the person is employed on less than a half-time basis.

SECTION 4. Amends Section 822.005(c), Government Code, to provide that a person is not entitled to withdraw contributions if the person is employed has applied for employment, or has received a promise of employment with an employment covered by the retirement system, rather than a promise of employment, in a position covered by TRS and to make a nonsubstantive change.

SECTION 5. Amends Section 823.401, Government Code, by amending Subsection (f) and adding Subsection (f-1), as follows:

(f) Prohibits the amount of service credit a member may establish under this section, except as provided by Subsection (f-1), from exceeding the lesser of the number of years of membership service credit the member has in TRS for actual service in public schools or 15 years.

(f-1) Prohibits a member from purchasing more than five years of service credit under this section for service credit considered nonqualified service credit under Section 415(n)(3), Internal Revenue Code or 1986.

SECTION 6. Amends Section 825.115, Government Code, by adding Subsection (f), as follows:

(f) Provides that, notwithstanding any other law, Chapter 551 does not apply to an assembly of the board of trustees of TRS or one of the board's committees while attending a summit, conference, convention, workshop, or other event held for educational purposes if the assembly or committee does not deliberate, vote, or take action on a specific matter of public business or public policy over which the board of trustees or a committee of the board has supervision or control. Provides that this subsection does not apply to a regular, special, or emergency meeting of the board of trustees scheduled or called under the board's bylaws.

SECTION 7. Amends Section 825.4092(c), Government Code, as follows:

(c) Requires the employer who reports the employment of a retiree, except as provided by Subsection (e), each payroll period, for each retiree who is enrolled in the Texas Public School Employees Group Insurance Program under Chapter 1575, Insurance Code, to contribute to the trust fund established under that chapter an amount established by TRS. Requires TRS, in determining the amount to be contributed by the employer under this section, to consider the amount a retiree is required to pay for the retiree and any enrolled dependents to participate in the group program and the cost of the retiree's and enrolled dependents' participation in the group program. Requires that the amount of the required payment, if more than one employer reports the retiree to TRS during a month, be prorated among the employers. Deletes existing text requiring the employer who reports the employment of a retiree, except as provided by Subsection (e), each payroll period, for each retiree who is enrolled in the Texas Public School Employees Group Insurance Program under Chapter 1575, Insurance Code, to contribute to the trust fund established under that chapter any difference between the amount the retiree is required to pay for the retiree and any enrolled dependents to participate in the group program and the full cost of the retiree's and enrolled dependents' participation in the group program, as determined by TRS.

SECTION 8. Amends Section 1575.204(b), Insurance Code, as follows:

(b) Requires each employer who reports to TRS under Section 824.6022, Government Code, the employment of a retiree who is enrolled in and receiving coverage under the group program each state fiscal year to contribute to the fund an amount established by the trustee. Requires the trustee, in determining the amount to be contributed by the employer under this subsection, to consider the amount a retiree is required to pay for the retiree and any enrolled dependents to participate in the group program and the cost of all retirees' and enrolled dependents' participation in the group program. Requires that the amount of the contribution required by this subsection, if more than one employer reports the retiree to TRS during a month, be prorated among the employers. Provide that the amounts required to be paid under this subsection are not required to be paid by a reporting employer for a retiree who retired from TRS before September 1, 2005. Deletes existing text requiring each employer who reports to the retirement system under Section 824.6022, Government Code, the employment of a retiree who is enrolled in the group program each state fiscal year to contribute to the fund the difference, if any, between the contribution amount that the reported retiree is required to pay for the retiree and any enrolled dependents to participate in the group program and the full cost of the retiree's and enrolled dependents' participation in the group program, as determined by the trustee.

SECTION 9. (a) Provides that a joint interim committee is created to study and review the health benefit plans, including TRS-Care and TRS-ActiveCare, operated under Chapters 1575 (Texas Public School Employees Group Benefits Program) and 1579 (Texas School Employees Uniform Group Health Coverage), Insurance Code, and propose reforms to address issues described by Subsection (f) of this section.

(b) Requires the joint interim committee to be composed of three senators appointed by the lieutenant governor and three members of the house of representatives appointed by the speaker of the house of representatives.

(c) Requires the lieutenant governor and speaker of the house of representatives to each designate a co-chair from among the joint interim committee members.

(d) Requires the joint interim committee to convene at the joint call of the co-chairs.

(e) Provides that the joint interim committee has all other powers and duties provided to a special or select committee by the rules of the senate and house of representatives, by Subchapter B (Legislative Reorganization Act), Chapter 301, Government Code, and by policies of the senate and house committees on administration.

(f) Requires the joint interim committee created by this section to study the health benefit plans, including TRS-Care and TRS-ActiveCare, operated under Chapters 1575 and 1579, Insurance Code, to examine and assess the following issues:

(1) the financial soundness of the plans;

(2) the cost and affordability of plan coverage to persons eligible for coverage under the plans; and

(3) the sufficiency of access to physicians and health care providers under the plans.

(g) Requires the joint interim committee created by this section, not later than January 15, 2017, to report the committee's findings and recommendations to the lieutenant governor, the speaker of the house of representatives, and the governor. Requires the joint interim committee to include in its recommendations specific statutory and regulatory changes that appear necessary from the results of the committee's study under Subsection (f) of this section.

(h) Requires the lieutenant governor and speaker of the house of representatives, not later than the 60th day after the effective date of this Act, to appoint the members of the joint interim committee created under this section.

(i) Provides that the joint interim committee created by this section is abolished and this Act expires January 20, 2017.

SECTION 10. Provides that Section 821.001(4), Government Code, as amended by this Act, applies only to a member of the Teacher Retirement System of Texas who retires or dies on or after the effective date of this Act.

SECTION 11. Provides that Section 825.4092(c), Government Code, as amended by this Act, applies to a retiree of the Teacher Retirement System of Texas regardless of whether the person retired from employment before, on, or after the effective date of this Act.

SECTION 12. Effective date: September 1, 2015.