

BILL ANALYSIS

Senate Research Center

S.B. 1940
By: Huffman
State Affairs
4/29/2015
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Teacher Retirement System of Texas (TRS) delivers retirement and related benefits as authorized by law for TRS members and their beneficiaries. In order to comply with fiduciary standards, funds held in the TRS trust must be used exclusively for the benefit of members. This bill provides for technical and clarifying changes to laws regulating TRS so that TRS can efficiently deliver benefits.

As proposed, S.B. 1940 amends current law relating to contributions to, benefits from, and the administration of systems and programs administered by 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. Amends Section 825.306, Government Code, as follows:

Sec. 825.306. CREDITING SYSTEM ASSETS. (a) Creates this subsection from existing text. Requires that the assets of the Teacher Retirement System of Texas (TRS) be maintained and reported in a manner that reflects the source of the funds or the purpose for which the funds are held and in accordance with Governmental Accounting Standards Board guidance or its successor in determining governmental generally accepted accounting principles. Requires that financial accounting and the appropriate sub-ledgers necessary to support reporting based on generally accepted accounting principles, comply with relevant tax laws and fulfill the fiduciary responsibilities of the trust be utilized. Authorizes the assets, in the alternative, to be credited, according to the purpose for which they are held, to one of certain accounts set forth.

(b) Requires that a requirement to deposit in or transfer money or assets, including contributions, from one of the accounts identified in this section, notwithstanding any other law, be satisfied by maintaining and reporting the assets in accordance with this section.

SECTION 2. Amends Section 825.509(b-1), Government Code, as follows:

(b-1) Authorizes that the eligible rollover distribution portion be transferred only:

(1) and (2) Makes no change to these subdivisions;

(3) for distributions occurring on or after January 1, 2007, to a qualified plan described by Section 401(a), Internal Revenue Code of 1986, provided the plan agrees to separately account for amounts transferred and earnings on amounts transferred, including for the portion of the distribution that is includable in gross income and the portion of the distribution that is not includable in gross income;
or

(4) Makes no change to this subdivision.

SECTION 3. Amends the heading to Chapter 1575, Insurance Code, to read as follows:

CHAPTER 1575. TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP BENEFITS PROGRAM

SECTION 4. Amends Section 1575.002(4), Insurance Code, to redefine "group program."

SECTION 5. Amends Subchapter D, Chapter 1575, Insurance Code, by adding Sections 1575.165 and 1575.166, as follows:

Sec. 1575.165. BASIC PLAN ENROLLMENT; PURCHASE OF MEDICARE PART B. Provides that, notwithstanding any other law, under rules adopted by TRS:

(1) a retiree who has taken a service retirement under TRS on or after September 1, 2015, shall be enrolled in the basic plan unless the retiree purchases Medicare Part B when the retiree is first eligible to purchase Medicare Part B; and

(2) any dependent of the retiree shall be enrolled in the basic plan unless the dependent purchases Medicare Part B when the dependent is first eligible to purchase Medicare Part B.

Sec. 1575.166. PLAN FOR NON-MEDICARE ENROLLEES. (a) Requires TRS to establish a plan that includes elements of consumerism and includes preferred networks.

(b) Authorizes a service retiree who is not enrolled in a Medicare plan offered under the group program, notwithstanding any other law and subject to the eligibility requirements found in this chapter, to enroll only in either the basic plan or the plan described by Subsection (a).

SECTION 6. Amends Subchapter A, Chapter 1579, Insurance Code, by adding Section 1579.0031, as follows:

Sec. 1579.0031. DEFINITION OF RETIREE. Defines "retiree" for purposes of this chapter.

SECTION 7. Amends Subchapter D, Chapter 1579, Insurance Code, by adding Section 1579.155, as follows:

Sec. 1579.155. REPORTING. Requires each participating entity to annually report to TRS, under rules adopted by TRS, the monthly amount the entity contributes toward the payment of health coverage under this chapter.

SECTION 8. Amends the heading to Subchapter E, Chapter 1579, Insurance Code, to read as follows:

SUBCHAPTER E. PARTICIPATION BY EMPLOYEE AND RETIREE

SECTION 9. Amends Section 1579.201, Insurance Code, as follows:

Sec. 1579.201. DEFINITION. Adds definitions for "full-time retiree" and "part-time retiree." Makes nonsubstantive changes.

SECTION 10. Amends Section 1579.202, Insurance Code, as follows:

Sec. 1579.202. ELIGIBLE EMPLOYEES AND RETIREEES. (a) Provides that, except as provided by Section 1579.204, participation in the program is limited to:

(1) employees of participating entities who are full-time employees or who are part-time employees; and

(2) retirees of participating entities who are full-time retirees or who are part-time retirees.

Deletes existing text providing that, except as provided by Subsection 1579.204, participating in the program is limited to employees of participating entities who are full-time employees and to part-time employees who are participating members in TRS.

(b) Provides that an employee or retiree described by Subsection (a) who applies for coverage during an open enrollment period prescribed by TRS is automatically covered by the catastrophic care coverage plan unless the employee or retiree takes certain actions or is expelled from the program.

SECTION 11. Amends Section 1579.203, Insurance Code, by amending Subsections (a), (b), and (c), as follows:

(a) Authorizes a participating employee or retiree to select coverage in any coverage plan offered by TRS.

(b) Adds references to retiree.

(c) Adds references to retiree.

SECTION 12. Amends Section 1579.204, Insurance Code, as follows:

Sec. 1579.204. New heading: PART-TIME EMPLOYEES AND PART-TIME RETIREES. Provides that, notwithstanding any other provision of this chapter, a part-time employee and a part-time retiree employed by a participating entity are eligible, rather than a part-time employee of a participating entity who is not a participating member in TRS is eligible, to participate in the program only if the part-time employee or the part-time retiree pays all of the premiums and other costs associated with the health coverage plan selected for the employee and the employee's dependents or selected for the retiree and the retiree's dependents. Makes nonsubstantive changes.

SECTION 13. Amends Section 1579.205, Insurance Code, as follows:

Sec. 1579.205. PAYMENT BY PARTICIPATING ENTITY. Provides that, notwithstanding Section 1579.204, a participating entity may pay any portion of what otherwise would be the full-time employee, part-time employee, full-time retiree, or part-time retiree share of premiums and other costs associated with the coverage selected by the employee or retiree.

SECTION 14. Amends Section 1579.251, Insurance Code, as follows:

Sec. 1579.251. STATE ASSISTANCE. (a) Requires the state to assist employees and retirees of participating school districts and charter schools in the purchase of group health coverage under this chapter by providing for each covered employee and retiree the amount of \$900 each state fiscal year or a greater amount as provided by the General Appropriations Act.

(b) Adds a reference to retirees and a reference to retiree.

SECTION 15. Amends Section 1579.253, Insurance Code, to add references to retiree.

SECTION 16. Effective date: September 1, 2015.