

## **BILL ANALYSIS**

Senate Research Center  
86R2555 LED-F

H.B. 392  
By: Blanco (Zaffirini)  
State Affairs  
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Engrossed

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

The Employees Retirement System of Texas (ERS) is authorized to provide long-term care insurance coverage to eligible state employees through a group program, but is not permitted to offer members the option to purchase individual plans. This is problematic because long-term care insurance, which is notoriously expensive, may not be affordable when all members' risks are pooled together. What's more, long-term care coverage is most effective when tailored to the needs of individuals, such as persons who want to begin paying for such coverage at a young age to protect particular assets later in life. Accordingly, restricting such coverage only to group plans has prevented ERS from providing any long-term care coverage options to its members for many years.

H.B. 392 would allow ERS to explore different methods of providing long-term care insurance coverage to eligible members, including through individual plans. The bill also would allow premiums and program costs to be deducted from a participant's monthly compensation or annuity should he or she opt to purchase an individual plan through ERS. This would give both ERS and eligible persons additional flexibility regarding long-term care coverage options that meet the needs of specific members at a lower cost than typical group plans.

H.B. 392 amends current law relating to long-term care insurance for state employees.

### **RULEMAKING AUTHORITY**

Rulemaking authority previously granted to the board of trustees of the Employees Retirement System of Texas is modified in SECTION 5 (Section 1552.006, Insurance Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Chapter 1552, Insurance Code, to read as follows:

#### CHAPTER 1552. LONG-TERM CARE INSURANCE FOR STATE EMPLOYEES

SECTION 2. Amends Section 1552.002, Insurance Code, as follows:

Sec. 1552.002. ESTABLISHMENT OF PROGRAM. (a) Authorizes the board of trustees of the Employees Retirement System of Texas (board of trustees; ERS) to establish a long-term care insurance program, rather than a group long-term care insurance program, to provide long-term care insurance coverage for certain individuals.

(b) Makes a conforming change to this subsection.

SECTION 3. Amends Section 1552.003, Insurance Code, to make a conforming change.

SECTION 4. Amends Section 1552.005(a), Insurance Code, to make a conforming change.

SECTION 5. Amends Section 1552.006, Insurance Code, to make a conforming change.

SECTION 6. Repealer: Section 1552.004 (Premiums), Insurance Code,

SECTION 7. Requires ERS to ensure that all group long-term care insurance coverage in effect immediately before the effective date of this Act under Chapter 1552, Insurance Code, continues to be administered in accordance with Chapter 1552, Insurance Code, as it existed immediately before the effective date of this Act.

SECTION 8. Effective date: September 1, 2019.