

Amend **CSHB 1** as follows:

1. On page I-40 of the bill pattern for the Employees Retirement System, insert the following new language:

5. State Contribution to Group Insurance for General State Employees. Funds identified above for group insurance are intended to fund:

a. the total cost of the basic life and health coverage for all active and retired employees;

b. fifty percent of the total cost of health coverage for the spouses and dependent children of all active and retired employees who enroll in coverage categories which include a spouse and/or dependent children; and

In no event shall the total amount of state contributions allocated to fund coverage in an optional health plan exceed the actuarially determined total amount of state contributions that would be required to fund basic health coverage for those active employees and retirees who have elected to participate in that optional health plan.

During each fiscal year, the state's monthly contribution shall be determined by multiplying (1) the per capita monthly contribution as certified herein by (2) the total number of full-time active and retired employees enrolled for coverage during that month.

Each year, upon adoption of group insurance rates by the Board of Trustees, Employees Retirement System (ERS) must notify the Comptroller, the Legislative Budget Board, and the Governor of the per capita monthly contribution required in accordance with this rider for each full-time active and retired employee enrolled for coverage during the fiscal year.

It is the intent of the Legislature that the Employees Retirement System reduce provider payments by renegotiating contracts or implementing a program of selective contracting with certain providers participating in HealthSelect to reduce both high cost providers and other providers that will not hinder compliance with Texas Department of Insurance access to provider standards.

Furthermore, it is the intent of the Legislature that the Employees Retirement System control the cost of the group insurance program by not providing rate increases to health care providers participating in HealthSelect during the 2004-05 biennium.

In order to fund the Employees Retirement System (ERS) projected health plan costs for the 2004-05 Biennium, the Legislature directs the Employees Retirement System to reduce total health plan costs by \$499.9 million in All Funds and \$304.7 million in General Revenue. This reduction will be accomplished through benefit design changes made by the Employees Retirement System provided that these benefit design changes exclude mandatory use of mail order for maintenance medications. The Employees Retirement System is directed to replace the cost savings related to mandatory mail order for maintenance medications with other benefit design changes. It is the intent of the Legislature that the Employees Retirement System achieve this reduction, to the extent possible, with the least impact on participants.