

Amend CSSB 1952 (house committee report), in PART 10 of the bill, by inserting the following new ARTICLE in that PART, appropriately numbered (page 230, between lines 21 and 22):

ARTICLE \_\_\_\_\_. TEXAS SCHOOL EMPLOYEES UNIFORM GROUP HEALTH  
COVERAGE ACT AND BENEFITS FOR SCHOOL EMPLOYEES

SECTION 10\_\_\_\_.01. The heading to Article 3.50-8, Insurance Code, is amended to read as follows:

Art. 3.50-8. ACTIVE EMPLOYEE HEALTH REIMBURSEMENT ARRANGEMENT [~~COVERAGE OR COMPENSATION SUPPLEMENTATION~~]

SECTION 10\_\_\_\_.02. The heading to Section 1, Article 3.50-8, Insurance Code, is amended to read as follows:

Sec. 1. GENERAL DEFINITIONS.

SECTION 10\_\_\_\_.03. Section 1, Article 3.50-8, Insurance Code, is amended by amending Subdivisions (1) and (2) and adding Subdivisions (1-a), (1-b), (1-c), (2-a), (2-b), (2-c), (2-d), (3-a), and (3-b) to read as follows:

(1) "Account" means a health reimbursement arrangement account established under this article for a participating employee [~~"Cafeteria plan" means a plan as defined and authorized by Section 125, Internal Revenue Code of 1986, and its subsequent amendments~~].

(1-a) "Administering firm" means any entity designated by the trustee to administer any coverages, services, benefits, or requirements under this article and the trustee's rules adopted under this article.

(1-b) "Approved health benefit plan provider" means an entity approved by the trustee to offer health benefit plan coverage under this article.

(1-c) "Dependent" means:

(A) the spouse of a person;

(B) an unmarried child of the person if that child is under 25 years of age, including:

(I) an adopted child;

(ii) a stepchild, foster child, or other child who has a regular parent-child relationship with the person; or

(iii) a recognized natural child; or

(C) the person's recognized natural child, adopted child, foster child, stepchild, or other child who is in a regular

parent-child relationship with the participating employee and who lives with or has his or her care provided by the person on a regular basis regardless of the child's age if the child is mentally retarded or physically incapacitated to an extent that the child is dependent on the person for care or support, as determined by the trustee.

(2) "Employee" means a participating member of the Teacher Retirement System of Texas who:

(A) is employed by a school district, other educational district whose employees are members of the Teacher Retirement System of Texas, participating charter school, or regional education service center; ~~and~~

(B) is not a retiree covered under the Texas Public School Retired Employees Group Insurance Program established under Article 3.50-4 of this code;

(C) is not covered by a group insurance program under Chapter 1551 or 1601 of this code; and

(D) is not an individual performing personal services for a participating entity as an independent contractor.

(2-a) "Health benefit plan" means a plan designed to provide, pay for, or reimburse expenses for health care services. The term includes:

(A) an insurance policy, contract, or certificate;

(B) a medical or hospital service agreement; and

(C) a similar arrangement, including coverage through a health maintenance organization operating under Chapter 843.

(2-b) "Health benefit plan issuer" means an entity that provides health benefit plan coverage in this state. The term includes:

(A) an insurance company authorized to do business in this state;

(B) a group hospital service corporation operating under Chapter 842 of this code;

(C) a health maintenance organization operating under Chapter 843 of this code;

(D) a stipulated premium insurance company operating under Chapter 884 of this code;

(E) a multiple employer welfare arrangement subject to Chapter 846 of this code;

(F) an approved nonprofit health corporation that holds a certificate of authority issued under Chapter 844 of this code; and

(G) any other entity providing a plan of health insurance or health benefits coverage subject to state regulation by the department.

(2-c) "Health reimbursement arrangement" is a health benefit plan that:

(A) is paid for solely by the employer;

(B) is not provided under a salary reduction election;

(C) reimburses a participant for a qualified health care expense incurred by the participant or the participant's dependent;

(D) provides reimbursements up to a maximum dollar amount at the end of a coverage period; and

(E) provides that any unused portion of the maximum dollar amount at the end of a coverage period is carried forward to increase the maximum reimbursement amount in subsequent coverage periods.

(2-d) "Participant" means a person enrolled in the program.

(3-a) "Program" means the health reimbursement arrangement program established under this article.

(3-b) "Qualified health care expense" means an expense paid by an employee for medical care, as defined by Section 213(d), Internal Revenue Code of 1986, and its subsequent amendments, for the employee or the employee's dependents, as defined by Section 152, Internal Revenue Code of 1986, and its subsequent amendments.

SECTION 10\_\_\_\_.04. Article 3.50-8, Insurance Code, is amended by adding Section 1A to read as follows:

Sec. 1A. DEFINITION OF EMPLOYER. (a) For purposes of qualification under federal law of a health reimbursement arrangement established under this article, "employer" means this state and a school district, another educational district whose employees are members of the Teacher Retirement System of Texas, a participating charter school, or a regional education service

center.

(b) This article does not make an employee an employee of this state for any purpose other than the limited purpose described by Subsection (a) of this section.

SECTION 10\_\_\_\_.05. Section 2, Article 3.50-8, Insurance Code, is amended to read as follows:

Sec. 2. ACTIVE EMPLOYEE HEALTH REIMBURSEMENT ARRANGEMENT PROGRAM; STATE CONTRIBUTION [~~COVERAGE OR COMPENSATION SUPPLEMENTATION~~]. (a) For each employee, the state shall annually contribute \$1,000 or the amount specified in the General Appropriations Act to the health reimbursement arrangement account established for that employee for the payment of qualified health care expenses.

(b) Each year, the trustee shall contribute to the health reimbursement arrangement account of each employee of [~~deliver to~~] each school district, including a school district that is ineligible for state aid under Chapter 42, Education Code, each other educational district that is a member of the Teacher Retirement System of Texas, each participating charter school, and each regional education service center state the amount to which the employee is entitled under Subsection (a) of this section [~~funds in an amount, as determined by the trustee, equal to the product of the number of active employees employed by the district, school, or service center multiplied by \$1,000 or a greater amount as provided by the General Appropriations Act for purposes of this article~~]. The contributions shall be made in equal monthly installments.

(c) Each employee shall direct the expenditure of the amount of the state contribution made under this section and that is allocated to the employee in accordance with the General Appropriations Act and this article.

(d) Money described by Subsection (c) of this section may be used by an employee only in accordance with this article for the employee and the employee's dependents for health benefit plan coverage offered by approved health benefit plan providers and for other qualified health care expenses.

(e) Any funds in a cafeteria plan authorized by Section 125,

Internal Revenue Code of 1986, and its subsequent amendments, and described by Section 3(a) of this article, for an employee who received the funds under this article, as this article existed immediately before September 1, 2003, that were designated by the employee for health care expenses and are unspent as of September 1, 2003, must be spent by the employee for qualified health care expenses before the employee may spend any funds from the health reimbursement arrangement account established for that employee under this section. [~~(b) All funds received by a school district, other educational district, participating charter school, or regional education service center under this article are held in~~