

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 725
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State Affairs
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Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, a community supervision and corrections department must contract with a county to provide health coverage and other benefits to employees. C.S.H.B. 725 allows departments to participate in the Employee Retirement System of Texas' uniform group insurance program for health, life, and accident benefits coverage, thereby offering an alternative that may be more cost-effective for departments and individuals.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Employees Retirement System of Texas in SECTION 3.03 of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. PARTICIPATION BY COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENTS IN GROUP BENEFITS PROGRAM FOR STATE EMPLOYEES

SECTION 1.01. Amends Section 1551.002, Insurance Code, as effective June 1, 2003, to include as one of the purposes of this chapter the recognition of service to the state by employees and retired employees of community supervision and corrections departments by extending to them and their dependents the same life, accident, and health benefit coverages as those provided under this chapter to state employees, retired state employees, and their dependents.

SECTION 1.02. Amends Section 1551.111(c), Insurance Code, as effective June 1, 2003, to provide an exception to the provision limiting participation in the group benefits program, as provided by Section 1551.114.

SECTION 1.03. Amends Subchapter C, Chapter 1551, Insurance Code, as effective June 1, 2003, by adding Section 1551.114, as follows:

Sec. 1551.114. PARTICIPATION BY COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENTS. (a) Defines "employee of a community supervision and corrections department."

(b) Requires an employee or retired employee of a community supervision and corrections department to be treated as an employee or annuitant, as applicable, for purposes of this chapter only as provided by this section.

(c) Provides that a community supervision and corrections department of this state participates in the group benefits program administered by the board of trustees (board) of the Employees Retirement System of Texas (ERS) under this chapter. Limits participation under this section to:

(1) active employees of a community supervision and corrections department;

(2) retired employees of a community supervision and corrections department who retire on or after September 1, 2004, and who have been employed by one or more community supervision and corrections departments for a total of at least 10 years of creditable service, and meet all the requirements for retirement benefits prescribed by the Texas County and District Retirement System; and

(3) eligible dependents of the active employees and retired employees described by Subdivisions (1) and (2).

(d) Provides that each full-time active employee of a community supervision and corrections department is automatically covered by the basic coverage for employees unless the employee specifically waives coverage or unless the employee is expelled from the program. Provides that each part-time active employee of a community supervision and corrections department is eligible to participate in the group benefits program on application in the manner provided by the ERS board, unless the employee has been expelled from the program. Requires each community supervision and corrections department to notify each of its part-time employees of the employee's eligibility for participation.

(e) Provides that an active employee described by Subsection (d) is not eligible to receive a state contribution under Subchapter G for premiums. Provides that the community justice assistance division of the Texas Department of Criminal Justice (TDCJ) is responsible for payment of the contributions for each of a department's participating active employees and the employees' dependents that the state would make under Subchapter G if the employees were state employees. Requires each covered active employee to pay that portion of the cost of group coverages selected by the employee that exceeds the amount of division contributions.

(f) Provides that a retired employee is eligible to participate in the group benefits program on application to the ERS board. Provides that, on application, a retired employee is automatically covered by the basic coverage for annuitants unless the retired employee specifically waives coverage or unless the retired employee is expelled from the program. Provides that a retired employee is not eligible to receive a state contribution under Subchapter G for premiums. Provides that the community justice assistance division of TDCJ is responsible for payment of the contributions for each of a department's retired employees and the retired employees' participating dependents that the state would make under Subchapter G if the retired employees were retired state employees. Requires each participating retired employee to pay that portion of the cost of group coverage selected by the retired employee that exceeds the amount of division contributions. Requires the retired employee to pay contributions required from the retired employee in the manner prescribed by the ERS board. Requires each community supervision and corrections department to notify each of its retired employees of the eligibility for participation and the costs associated with participation.

(g) Requires that all contributions received under this section from the community justice assistance division of TDCJ, active employees of community supervision and corrections departments, and retired employees of community supervision and corrections departments for basic, optional, and voluntary coverages under the group benefits program be paid into the employees life, accident, and health insurance and benefits fund and be used by the ERS board to provide those coverages as provided by this chapter.

SECTION 1.04. Amends Subchapter G, Chapter 1551, Insurance Code, as effective June 1, 2003,

by adding Sections 1551.321 and 1551.322, as follows:

Sec. 1551.321. REQUIRED REPORTS OF COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENTS. (a) Requires a community supervision and corrections department participating in the group benefits program under Section 1551.114, not later than June 1 of each year, to submit to the ERS board an estimated number of active employees, retired employees, and dependents of active or retired employees to be enrolled in the group benefits program for the following fiscal year.

(b) Requires a community supervision and corrections department, each month, to reconcile the department records of requested participation in the group benefits plan and ERS board records of coverage.

Sec. 1551.322. REQUIRED CONTRIBUTIONS BY TEXAS DEPARTMENT OF CRIMINAL JUSTICE. (a) Requires the ERS board, not later than August 1 of each year, to notify the community justice assistance division of TDCJ of the estimated number of community supervision and corrections department active employees, retired employees, and dependents of active or retired employees to be covered under the group benefits program for the following fiscal year, and administrative costs incurred by the ERS board that are specifically attributable to processing this population.

(b) Requires the community justice assistance division of TDCJ, on receipt of the notification described by Subsection (a), to make timely payments of amounts due the ERS board, including the administrative costs incurred by the ERS board, and reconcile, each month, the ERS board records and the division records of coverage and payments.

ARTICLE 2. CONFORMING AMENDMENTS

SECTION 2.01. Amends Section 76.006, Government Code, by amending Subsections (a) and (c) and adding Subsection (i), as follows:

(a) Provides that this subsection does not apply to employee benefits for group insurance and related coverages provided to employees of a department through the group benefits program for state employees under Chapter 1551, Insurance Code. Makes conforming changes.

(c) Provides that, notwithstanding Subsection (a), a department employee is eligible to participate in the group benefits program established under Chapter 1551, Insurance Code, as provided by Section 1551.114, Insurance Code.

(i) Requires a department to submit all information required by Section 1551.321, Insurance Code, in the manner and form prescribed by ERS.

SECTION 2.02. Amends Section 509.011, Government Code, by adding Subsection (a-1), as follows:

(a-1) Requires, notwithstanding Subsection (a), the community justice assistance division of TDCJ to prepare and submit to the comptroller vouchers for payment to ERS for contributions for group coverage in which a department participates under Section 1551.114, Insurance Code. Requires that payment of contributions under this subsection be made from the money that the community justice assistance division would otherwise allocate to a department under Subsections (a) and (b).

ARTICLE 3. TRANSITION

SECTION 3.01. (a) Requires ERS to develop a plan for the extension of benefits under the group benefits program to persons eligible for those benefits under Section 1551.114, Insurance Code, as added by this Act. Authorizes ERS to employ persons as necessary to implement this subsection.

(b) Requires that coverage under Section 1551.114, Insurance Code, as added by this Act, become effective September 1, 2004, except that a community supervision and corrections department is authorized to delay participation in the group benefits program until the date life, accident, and health benefit coverage that is in effect on September 1, 2004, expires or terminates.

SECTION 3.02. Requires the commissioners court of the county designated for a community supervision and corrections department under Section 76.006(a), Government Code, as that section existed before amendment by this Act, not later than September 1, 2004, to transfer from the employee benefits program described by that section all records relating to group insurance and related coverage of department employees and retired employees, if applicable, under that program to ERS.

SECTION 3.03. (a) Effective date: September 1, 2003, except that Article 2 of this Act takes effect September 1, 2004.

(b) Requires ERS to adopt rules as necessary to implement Section 3.01 of this Act not later than June 1, 2004.