

By: Zedler

H.B. No. 2830

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the creation and operation of a statewide risk pool to
3 provide health benefits coverage to active employees of school
4 districts.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subtitle H, Title 8, Insurance Code, is amended
7 by adding Chapter 1579 to read as follows:

8 CHAPTER 1579. SCHOOL DISTRICTS HEALTH BENEFITS RISK POOL

9 SUBCHAPTER A. GENERAL PROVISIONS

10 Sec. 1579.001. POOL PURPOSE. The purpose of this chapter is
11 to create a statewide pool to provide school district employees
12 access to quality group health benefits coverage at minimum cost to
13 school districts and their active employees.

14 Sec. 1579.002. DEFINITIONS. In this chapter:

15 (1) "Board" means the board of directors of the pool.

16 (2) "Employee" means an individual who is employed to
17 work at least 20 hours a week for a school district during the
18 school district's school year.

19 (3) "Health benefit plan provider" means an entity
20 that provides health benefit plan coverage in this state, including
21 stop-loss or excess loss insurance. The term includes:

22 (A) an insurance company;

23 (B) a group hospital service corporation
24 operating under Chapter 842;

1 (C) a stipulated premium insurance company
2 operating under Chapter 884;

3 (D) a health maintenance organization;

4 (E) a multiple employer welfare arrangement
5 subject to Chapter 846;

6 (F) an approved nonprofit health corporation
7 that holds a certificate of authority under Chapter 844; and

8 (G) any other entity providing a plan of health
9 insurance or health benefits subject to state insurance regulation.

10 (4) "Health maintenance organization" means an entity
11 that holds a certificate of authority to operate under Chapter 843
12 of this code.

13 (5) "Hospital" means a hospital for which a license is
14 issued under Chapter 241, Health and Safety Code, or that is owned
15 or operated by the federal or state government.

16 (6) "Physician" means a person licensed to practice
17 medicine in this state under Subtitle B, Title 3, Occupations Code.

18 (7) "Pool" means the Texas School Districts Health
19 Benefits Risk Pool.

20 Sec. 1579.003. HEALTH BENEFIT PLAN DEFINED. (a) In this
21 chapter, "health benefit plan" means a group health benefit plan
22 that provides benefits for medical or surgical expenses incurred as
23 a result of a health condition, accident, or sickness, including a
24 group insurance policy, a group hospital service contract, or a
25 group evidence of coverage or similar coverage document that is
26 offered by a health benefit plan provider.

27 (b) "Health benefit plan" does not include:

1 (1) a plan that provides coverage:

2 (A) only for benefits for a specified disease or
3 for another limited benefit;

4 (B) only for accidental death or dismemberment;

5 (C) for wages or payments in lieu of wages for a
6 period during which an employee is absent from work because of
7 sickness or injury;

8 (D) as a supplement to a liability insurance
9 policy;

10 (E) for credit insurance;

11 (F) only for dental or vision care;

12 (G) only for hospital expenses; or

13 (H) only for indemnity for hospital confinement;

14 (2) a small employer health benefit plan written under
15 Chapter 26 of this code;

16 (3) a Medicare supplemental policy as defined by
17 Section 1882(g)(1), Social Security Act (42 U.S.C. Section 1395ss),
18 as amended;

19 (4) a workers' compensation insurance policy;

20 (5) medical payment insurance coverage provided under
21 a motor vehicle insurance policy; or

22 (6) a long-term care insurance policy, including a
23 nursing home fixed indemnity policy, unless the commissioner
24 determines that the policy provides benefit coverage so
25 comprehensive that the policy is a health benefit plan as described
26 by Subsection (a) of this article.

27 Sec. 1579.004. DEPENDENT DEFINED. For purposes of this

1 chapter, an individual is a dependent of another if the individual
2 is the other individual's:

3 (1) resident spouse or unmarried child under 18 years
4 of age; or

5 (2) child and:

6 (A) is a full-time student under 23 years of age
7 who is financially dependent on the other individual;

8 (B) is over 18 years of age and is an individual
9 for whom the other individual may be obligated to pay child support;
10 or

11 (C) regardless of the age of the child, is
12 disabled and dependent on the other individual.

13 Sec. 1579.005. STATE AUDIT OF POOL. (a) The state auditor
14 shall annually conduct a special audit of the pool under Chapter
15 321, Government Code. The special audit must include a financial
16 audit and an economy and efficiency audit.

17 (b) The state auditor shall report the cost of each audit
18 conducted under this section to the board and the comptroller. The
19 board shall remit that amount to the comptroller.

20 Sec. 1579.006. RULES. The commissioner may adopt rules
21 necessary to implement this chapter.

22 Sec. 1579.007. COMPLAINT PROCEDURES. (a) An applicant for
23 or participant in coverage from the pool is entitled to have
24 complaints against the pool reviewed by a grievance committee
25 appointed by the board.

26 (b) The grievance committee shall report to the board after
27 completion of the review of each complaint.

1 (c) The board shall retain each written complaint
2 concerning the pool at least until the third anniversary of the date
3 the pool received the complaint.

4 [Sections 1579.008-1579.050 reserved for expansion]

5 SUBCHAPTER B. BOARD OF DIRECTORS

6 Sec. 1579.051. GOVERNANCE OF POOL; BOARD MEMBERSHIP. (a)
7 The pool is governed by a board of directors.

8 (b) The board consists of nine members appointed by the
9 commissioner as follows:

10 (1) two members must be individuals who are affiliated
11 with a health benefit plan provider authorized to write health
12 benefit plans in this state;

13 (2) three members must be school district employees;

14 (3) three members must be school district
15 administrators; and

16 (4) one member must be a physician.

17 Sec. 1579.052. PRESIDING OFFICER. The commissioner shall
18 designate one member of the board to serve as presiding officer who
19 serves in that capacity at the pleasure of the commissioner.

20 Sec. 1579.053. TERMS; VACANCY. (a) Members of the board
21 serve staggered six-year terms with the terms of three members
22 expiring February 1 of each odd-numbered year.

23 (b) The commissioner shall fill a vacancy on the board by
24 appointing, for the unexpired term, an individual who has the
25 appropriate qualifications to fill that position.

26 Sec. 1579.054. PER DIEM; REIMBURSEMENT. A member of the
27 board is entitled to:

1 (1) a per diem in the amount provided by the General
2 Appropriations Act for state officials for each day the member
3 performs duties as a board member; and

4 (2) reimbursement of expenses incurred while
5 performing duties as a board member as provided by Chapter 660,
6 Government Code, and the General Appropriations Act.

7 Sec. 1579.055. MEMBER'S IMMUNITY. (a) A member of the
8 board is not liable for an act or omission made in good faith in the
9 performance of powers and duties under this chapter.

10 (b) A cause of action does not arise against a member of the
11 board for an act or omission described by Subsection (a).

12 Sec. 1579.056. ADJUSTMENTS. (a) The board may adjust
13 deductibles, the amounts of excess loss coverage, and the periods
14 governing preexisting conditions under Section 1579.154 to
15 preserve the financial integrity of the pool.

16 (b) Not later than the 30th day after the date the board
17 makes an adjustment under this section, the board shall submit to
18 the commissioner a written report containing a description of and
19 the reasons for the adjustment.

20 Sec. 1579.057. ANNUAL REPORT OF POOL'S ACTIVITIES. (a) Not
21 later than June 1 of each year, the board shall submit a report to
22 the governor, the lieutenant governor, the speaker of the house of
23 representatives, and the commissioner.

24 (b) The report must summarize the activities of the pool in
25 the calendar year preceding the year in which the report is
26 submitted and must include information relating to net written and
27 earned premiums, plan enrollment, administration expenses, and

1 paid and incurred losses.

2 Sec. 1579.058. ADDITIONAL POWERS AND DUTIES. The
3 commissioner by rule may establish powers and duties of the board in
4 addition to those provided by this chapter.

5 [Sections 1579.059-1579.100 reserved for expansion]

6 SUBCHAPTER C. POWERS AND DUTIES OF POOL

7 Sec. 1579.101. REQUIRED PARTICIPATION BY SCHOOL DISTRICTS;
8 INFORMATION ABOUT POOL. (a) Each school district shall provide its
9 employees access to health benefit plan coverage.

10 (b) A school district shall provide to each employee notice
11 as prescribed by the commissioner relating to the existence of the
12 pool that contains the address from which an employee may obtain
13 information about:

- 14 (1) the coverage offered by the pool;
15 (2) the eligibility for and cost of that coverage; and
16 (3) other information that allows the employee to
17 compare the coverage offered by the pool with any other coverage for
18 which the employee may be eligible.

19 Sec. 1579.102. STAFF; COMMITTEES. (a) The pool may employ
20 and set the compensation of any staff necessary to assist the pool
21 in carrying out its responsibilities and functions.

22 (b) The pool may appoint appropriate legal, actuarial, and
23 other committees necessary to provide technical assistance in
24 operating the pool and performing any of the functions of the pool.

25 Sec. 1579.103. PROVIDING COVERAGE. The pool shall provide
26 health benefit plan coverage to an employee who is eligible for that
27 coverage under this chapter and to that employee's dependents. The

1 pool coverage is subject to this chapter and the pool's plan of
2 operation adopted under Section 1579.201.

3 Sec. 1579.104. CHARGES, FORMULAS, AND FORMS. (a) The pool
4 may establish appropriate rates, rate schedules, rate adjustments,
5 expense allowances, agents' referral fees, and claim reserve
6 formulas and perform actuarial functions appropriate to the
7 operation of the pool.

8 (b) The pool shall adopt policy forms, endorsements, and
9 riders and applications for coverage as necessary to implement this
10 chapter.

11 Sec. 1579.105. PREMIUM RATES. (a) The pool may not charge
12 premium rates that are unreasonable in relation to the benefits
13 provided, the risk experience, and the reasonable expenses of
14 providing the coverage.

15 (b) The pool may adjust premium rates and premium rate
16 schedules for appropriate risk factors, including age and variation
17 in claim costs. The board may consider appropriate risk factors in
18 accordance with established actuarial and underwriting practices.

19 (c) The pool shall establish the rates used by the pool. In
20 establishing the rates, the pool shall use reasonable actuarial
21 techniques and consider the premium rates charged by other health
22 benefit plan providers offering health benefit plan coverage to
23 individuals. The rate must reflect anticipated experience and
24 expenses for health benefit coverage.

25 (d) The pool shall submit each rate and rate schedule to the
26 commissioner for approval. The pool may not use a rate or rate
27 schedule before the rate or schedule is approved by the

1 commissioner. In evaluating a rate or rate schedule of the pool,
2 the commissioner shall consider the factors provided by this
3 section.

4 Sec. 1579.106. EXCESS LOSS COVERAGE; REINSURANCE. The pool
5 may purchase excess loss coverage or reinsurance to insure the pool
6 against financial losses that the pool determines might place the
7 solvency of the pool in financial jeopardy.

8 Sec. 1579.107. CONTRACTS. The pool may enter into
9 contracts as necessary to implement this chapter.

10 Sec. 1579.108. LEGAL ACTION. (a) The pool may sue or be
11 sued.

12 (b) The pool may take any legal action necessary to:

13 (1) avoid payment of improper claims against the pool
14 or the coverage provided by or through the pool; or

15 (2) recover or collect amounts due the pool,
16 including:

17 (A) assessments due the pool;

18 (B) amounts erroneously or improperly paid by the
19 pool; and

20 (C) amounts paid by the pool as a mistake of fact
21 or law.

22 Sec. 1579.109. COST CONTAINMENT. (a) The pool may provide
23 for and use cost containment measures and requirements, including
24 preadmission screening, the requirement of a second surgical
25 opinion, and concurrent utilization review subject to Article
26 21.58A.

27 (b) The pool may design, use, contract for, or otherwise

1 arrange for the delivery of cost-effective health care services,
2 including establishing or contracting with preferred provider
3 organizations and health maintenance organizations.

4 Sec. 1579.110. BORROWING. The pool may borrow money as
5 necessary to implement the purposes of the pool.

6 Sec. 1579.111. ADDITIONAL AUTHORITY. In addition to the
7 other powers granted to the pool under this chapter, the pool may
8 exercise any of the authority that a health benefit plan provider
9 authorized to write health benefit plans in this state may exercise
10 under the law of this state.

11 [Sections 1579.112-1579.150 reserved for expansion]

12 SUBCHAPTER D. POOL COVERAGE AND BENEFITS

13 Sec. 1579.151. MINIMUM POOL COVERAGE. (a) The pool shall
14 offer coverage that provides benefits at least consistent with
15 major medical expense coverage to each eligible employee.

16 (b) The board, with the approval of the commissioner, shall
17 establish:

- 18 (1) the coverages to be provided by the pool;
19 (2) the applicable schedules of benefits; and
20 (3) any exclusions or other limitations to coverage.

21 (c) The benefits provisions of the pool's coverage must
22 include:

- 23 (1) all required or applicable definitions;
24 (2) a description of covered services;
25 (3) a list of any exclusions or limitations to
26 coverage; and
27 (4) the deductibles, coinsurance options, and

1 copayment options that are required or permitted.

2 Sec. 1579.152. ELIGIBILITY FOR COVERAGE; PREMIUMS.

3 (a) Each employee shall be covered by the pool unless the employee
4 rejects the coverage in a signed written statement made to the
5 governing body of the school district.

6 (b) A dependent of an employee who is eligible for coverage
7 from the pool is also eligible for coverage from the pool.

8 (c) Except as provided by Subsection (d), a covered employee
9 shall pay 100 percent of the premiums assessed by the pool for
10 coverage through the pool.

11 (d) A school district may make contributions to the pool to
12 cover all or part of the premiums for its employees. The employees
13 shall pay 100 percent of the cost of any coverage not paid by the
14 school district.

15 Sec. 1579.153. INELIGIBILITY FOR COVERAGE.

16 Notwithstanding Section 1579.152, an employee is not eligible for
17 coverage from the pool if the employee's prior coverage with the
18 pool was terminated for nonpayment of premiums or fraud.

19 Sec. 1579.154. PREEXISTING CONDITIONS. (a) Except as
20 provided by this section and Section 1579.056, pool coverage
21 excludes charges or expenses incurred before the first anniversary
22 of the effective date of coverage with regard to any condition for
23 which medical advice, care, or treatment was recommended or
24 received during the six-month period preceding the effective date
25 of coverage.

26 (b) The exclusion provided by Subsection (a) does not apply
27 to an individual who:

1 (1) was continuously covered for a period of at least
2 12 months, excluding any waiting period, by health benefit plan
3 coverage that terminated after the 64th day before the effective
4 date of coverage under the pool; and

5 (2) applied for pool coverage not later than the 63rd
6 day after the date the health benefit plan coverage described by
7 Subdivision (1) terminated.

8 (c) If an individual was covered by health benefit plan
9 coverage that was in effect at any time during the 12-month period
10 preceding the effective date of the individual's coverage under the
11 pool, the pool shall subtract from the exclusion period required
12 under Subsection (a) the period that the individual was covered
13 under that health benefit plan and any waiting period that applied
14 before that health benefit plan coverage became effective.

15 Sec. 1579.155. BENEFIT REDUCTION. (a) The pool may reduce
16 benefits otherwise payable under pool coverage by the total amount
17 paid or payable through any other health benefit plan.

18 (b) The pool shall reduce benefits otherwise payable under
19 pool coverage by the total amount of hospital or medical expense
20 benefits paid or payable under:

- 21 (1) workers' compensation coverage;
22 (2) automobile insurance coverage; or
23 (3) a state or federal law or program.

24 Sec. 1579.156. RECOVERY OF CERTAIN AMOUNTS. (a) The pool
25 has a cause of action against an employee for the recovery of the
26 amount of benefits paid that are not for covered expenses.

27 (b) Benefits due from the pool may be reduced or refused as

1 an offset against an amount recoverable under this section.

2 Sec. 1579.157. TERMINATION OF POOL COVERAGE. (a) An
3 employee's pool coverage ends:

4 (1) on the date the employee ceases to be an employee
5 of a school district in this state;

6 (2) on the date the employee requests coverage to end;

7 (3) on the date the employee covered by the pool dies;

8 (4) at the option of the pool, on the 31st day after
9 the date the pool sends to the individual covered by the pool any
10 inquiry concerning the individual's eligibility to which the
11 individual does not reply;

12 (5) on the 31st day after the date a premium payment
13 for pool coverage becomes due if the payment is not made before that
14 day; or

15 (6) on the date the individual covered by the pool
16 ceases to meet the eligibility requirements for coverage.

17 (b) A dependent's pool coverage ends on the date the
18 dependent becomes 21 years of age, unless the individual:

19 (1) is the spouse of the employee; or

20 (2) is a child of the employee:

21 (A) who is a student under 23 years of age who is
22 financially dependent on the employee and who is covered by the
23 pool;

24 (B) for whom an employee covered by the pool may
25 be obligated to pay child support; or

26 (C) who is disabled and dependent on a parent
27 covered by the pool, regardless of the age of the child.

1 (c) Any covered individual's coverage through the pool
2 expires on the date state law requires cancellation of the
3 coverage.

4 (d) Notwithstanding Subsection (a), an employee who ceases
5 to meet the eligibility requirements for coverage may have the
6 individual's coverage terminated at the scheduled end of the
7 coverage period.

8 (e) An individual may maintain pool coverage for the period
9 the individual is satisfying a preexisting condition period or
10 waiting period under another health benefit plan intended to
11 replace the pool coverage.

12 [Sections 1579.158-1579.200 reserved for expansion]

13 SUBCHAPTER E. OPERATION OF POOL

14 Sec. 1579.201. PLAN OF OPERATION. (a) Operation and
15 management of the pool is governed by a plan of operation adopted by
16 the board and approved by the commissioner. The plan of operation
17 includes the articles, bylaws, and operating rules of the pool that
18 are adopted by the board.

19 (b) The plan of operation must ensure the fair, reasonable,
20 and equitable administration of the pool.

21 (c) In addition to complying with the other requirements of
22 this chapter, the plan of operation must include procedures for:

23 (1) operation of the pool;

24 (2) selection of an administrator as provided by
25 Section 1579.202;

26 (3) creation of a fund, under management of the board,
27 for administrative expenses;

1 (4) handling, accounting, and auditing of money and
2 other assets of the pool;

3 (5) development and implementation of a program to:

4 (A) publicize the existence of the pool, the
5 eligibility requirements for coverage under the pool, and
6 enrollment procedures; and

7 (B) foster public awareness of the pool;

8 (6) creation of a grievance committee to review
9 complaints presented by applicants for coverage from the pool and
10 persons who are covered by the pool; and

11 (7) other matters as may be necessary for the
12 execution of the board's powers, duties, and obligations under this
13 chapter.

14 (d) The board shall amend the plan of operation as necessary
15 to carry out this chapter. An amendment to the plan of operation
16 must be approved by the commissioner before it becomes a part of the
17 plan.

18 Sec. 1579.202. POOL ADMINISTRATOR. (a) The board may
19 select one or more health benefit plan providers or a third party
20 administrator certified by the department to administer the pool.
21 The selection must be made under a competitive bidding process in
22 accordance with the plan of operation.

23 (b) The board shall establish criteria for evaluating the
24 bids submitted under this section. The criteria must include:

25 (1) the bidder's proven ability to handle individual
26 health benefit plans;

27 (2) the bidder's efficiency of claims paying

1 procedures;

2 (3) an estimate of total charges for administering the
3 pool;

4 (4) the bidder's ability to administer the pool in a
5 cost-efficient manner; and

6 (5) the bidder's financial condition and stability.

7 Sec. 1579.203. ADMINISTRATOR'S TERM; SUCCEEDING TERM. (a)
8 A person selected as a pool administrator serves in that capacity
9 for a three-year term beginning on the date the board issues its
10 order making the selection.

11 (b) Not later than one year before the expiration of a pool
12 administrator's term, the board shall invite all health benefit
13 plan providers, including the pool administrator, to submit bids to
14 serve as a pool administrator for the succeeding administration
15 period. The selection of the succeeding pool administrator must be
16 made not later than the sixth calendar month preceding the month in
17 which the pool administrator's term expires.

18 Sec. 1579.204. ADMINISTRATOR'S FUNCTIONS. (a) A pool
19 administrator shall perform the functions relating to the pool that
20 are assigned to the administrator.

21 (b) The assigned functions may include:

22 (1) performing eligibility and administrative claims
23 payment functions for the pool;

24 (2) establishing a billing procedure for collection of
25 premiums from individuals covered by the pool;

26 (3) performing functions necessary to ensure timely
27 payment of benefits to individuals covered by the pool, including:

1 (A) providing information relating to the proper
2 manner of submitting a claim for benefits to the pool and
3 distributing claim forms; and

4 (B) evaluating the eligibility of each claim for
5 payment by the pool;

6 (4) submitting regular reports to the board relating
7 to the operation of the pool; and

8 (5) determining after each calendar year the net
9 written and earned premiums, expenses of administration, and paid
10 and incurred losses of the pool for that calendar year and reporting
11 that information to the board and the commissioner.

12 (c) The board shall determine the form, content, and time of
13 submission of the reports required under Subsection (b)(4).

14 (d) The commissioner shall prescribe the forms to be used to
15 report the information under Subsection (b)(5).

16 (e) The board shall determine the times at which a pool
17 administrator is to perform the billing functions for the pool.

18 Sec. 1579.205. PAYMENTS TO ADMINISTRATOR. The pool shall
19 pay a pool administrator for the administrator's expenses incurred
20 in performing duties and functions as provided by the plan of
21 operation.

22 [Sections 1579.206-1579.250 reserved for expansion]

23 SUBCHAPTER F. FUNDING

24 Sec. 1579.251. FUND; AUDIT. (a) The Texas school districts
25 health benefits risk pool fund is created on the creation of the
26 pool.

27 (b) The fund is a trust fund outside the state treasury and

1 is composed of:

2 (1) premiums paid by school district employees for
3 coverage by the pool;

4 (2) contributions and other money received by the pool
5 from school districts and the state;

6 (3) investments and money earned from investments of
7 the fund; and

8 (4) any other money received by the pool.

9 (c) Money in the fund shall be paid from the fund, without
10 legislative appropriation, on vouchers approved by the board. That
11 money shall be held exclusively for the purposes stated in this
12 chapter and may not be used or appropriated for any other purpose.

13 (d) The pool administrator shall manage the fund under the
14 general supervision of the board. Administrative expenses of the
15 pool may be paid from the fund. Payments for administrative
16 expenses in any fiscal year may not exceed 10 percent of the total
17 amount of money in the fund during that fiscal year.

18 (e) The fund may not be used to pay punitive damages, fines,
19 or penalties for violation of a civil or criminal statute, or fines
20 or penalties imposed for the violation of a rule of a state agency
21 or an ordinance or order of a local government.

22 (f) The board may select one or more banks to serve as
23 depository for the fund. Before the deposit of fund money in a
24 depository bank in an amount that exceeds the maximum secured by the
25 Federal Deposit Insurance Corporation, the bank must provide
26 security in an amount sufficient to secure from loss the fund money
27 that exceeds the amount secured by the Federal Deposit Insurance

1 Corporation.

2 (g) The board shall require an annual audit of the capital,
3 surplus, and reserves of the pool to be conducted by an actuary who
4 is a member of the American Academy of Actuaries or a similar
5 national organization of actuaries recognized by the board.

6 Sec. 1579.252. INVESTMENTS. (a) The pool administrator
7 shall manage and invest the fund in the manner provided by the plan
8 of operation.

9 (b) Money earned by the investment of the fund shall be
10 deposited in the fund or reinvested for the fund.

11 Sec. 1579.253. INITIAL CONTRIBUTIONS. (a) Each school
12 district shall pay an assessment as provided by this section for the
13 initial expenses of the pool.

14 (b) The board shall determine the amount of assessments
15 necessary to meet the initial expenses of the pool from information
16 provided in the plan of operation.

17 (c) This section expires September 1, 2005.

18 SECTION 2. Effective September 1, 2004, Articles 3.50-7,
19 3.50-8, and 3.50-9, Insurance Code, are repealed.

20 SECTION 3. (a) Not later than December 1, 2003, the
21 commissioner of insurance shall appoint the initial board of
22 directors of the Texas School Districts Health Benefits Risk Pool
23 established under Chapter 1579, Insurance Code, as added by this
24 Act. In making initial appointments to the board of directors, the
25 commissioner of insurance shall appoint three members for terms
26 expiring February 1, 2005, three members for terms expiring
27 February 1, 2007, and three members for terms expiring February 1,

1 2009.

2 (b) The initial board of directors shall adopt the plan of
3 operation for management of the pool as required by Section
4 1579.201, Insurance Code, as added by this Act, not later than March
5 1, 2004.

6 (c) Coverage under the plan or plans authorized by Chapter
7 1579, Insurance Code, as added by this Act, shall begin with the
8 2004-2005 school year but not later than September 1, 2004.

9 SECTION 4. (a) The Teacher Retirement System of Texas
10 shall, not later than September 1, 2004, transfer from the program
11 established under Article 3.50-7, Insurance Code, as that article
12 existed prior to repeal by this Act, all coverages provided under
13 the program for active employees and all records relating to
14 coverage of active employees under the program to the board of
15 directors of the Texas School Districts Health Benefits Risk Pool
16 established under Chapter 1579, Insurance Code, as added by this
17 Act.

18 (b) The comptroller shall, not later than September 1, 2004,
19 transfer from the fund established under Section 8, Article 3.50-7,
20 Insurance Code, as that article existed prior to repeal by this Act,
21 all assets and liabilities of that fund relating to coverage for
22 active employees to the fund established under Subchapter F,
23 Chapter 1579, Insurance Code, as added by this Act.

24 SECTION 5. (a) A school district that, before September 1,
25 2004, established a health care fund under Section 22.005,
26 Education Code, shall abolish the fund not later than September 1,
27 2004. Any unexpended balance in the fund attributable to

1 deductions made from the salary of district employees shall be
2 distributed to those employees in shares proportionate to the
3 amount contributed by each employee not later than December 1,
4 2004.

5 (b) A school district that, before September 1, 2004,
6 participated in a risk pool established under Chapter 172, Local
7 Government Code, shall terminate that participation on the
8 expiration of the term of the existing benefits contract, but not
9 later than September 1, 2004.

10 SECTION 6. (a) Except as provided by this Act, this Act
11 takes effect September 1, 2003.

12 (b) The commissioner of insurance shall adopt rules as
13 necessary to implement this Act not later than December 31, 2003.