

By: Janek

S.B. No. 1169

A BILL TO BE ENTITLED

AN ACT

relating to offering health reimbursement arrangements under the Texas Employees Group Benefits Act.

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

SECTION 1. Subchapter E, Chapter 1551, Insurance Code, as effective June 1, 2003, is amended by adding Section 1551.218 to read as follows:

Sec. 1551.218. HEALTH REIMBURSEMENT ARRANGEMENTS.

(a) The board of trustees shall offer coverage through health reimbursement arrangements. The board of trustees shall develop, implement, and administer health reimbursement arrangements.

(b) Health reimbursement arrangements offered under this section may only reimburse expenses for medical care, as defined by Section 213(d), Internal Revenue Code of 1986.

(c) The board of trustees by rule shall establish the maximum dollar amount for a coverage period that may be reimbursed under a health reimbursement arrangement. Any unused portion of the maximum dollar amount at the end of a coverage period shall be carried forward to increase the maximum reimbursement amount in subsequent coverage periods.

(d) The board of trustees may enter into a contract or agreement with an independent and qualified agency, individual, or entity to:

(1) develop, implement, or administer health

1 reimbursement arrangements; or

2 (2) assist in those activities.

3 SECTION 2. Subchapter G, Chapter 1551, Insurance Code, as  
4 effective June 1, 2003, is amended by adding Section 1551.321 to  
5 read as follows:

6 Sec. 1551.321. FUNDING OF HEALTH REIMBURSEMENT  
7 ARRANGEMENTS. Health reimbursement arrangements offered under  
8 Section 1551.218 shall be paid for solely by the employer. Employer  
9 contributions to health reimbursement arrangements may not be  
10 attributable to salary reductions or otherwise provided under the  
11 cafeteria plan.

12 SECTION 3. The board of trustees of the Employees  
13 Retirement System of Texas is not required to offer health  
14 reimbursement arrangements, as required by Section 1551.218,  
15 Insurance Code, as added by this Act, before September 1, 2004.

16 SECTION 4. The board of trustees of the Employees  
17 Retirement System of Texas shall adopt rules as required under  
18 Section 1551.218, Insurance Code, as added by this Act, not later  
19 than June 1, 2004.

20 SECTION 5. This Act takes effect September 1, 2003.