

By: Duncan

S.B. No. 1369

A BILL TO BE ENTITLED

AN ACT

relating to certain group benefits for retired school employees.

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

SECTION 1. Section 1575.002, Insurance Code, as effective June 1, 2003, is amended by repealing Subdivision (2), amending Subdivisions (1), (3), (4), and (7) and adding Subdivision (6-a) to conform to Section 3.03, Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001, and to conform more closely to the source law from which the section was derived, and further amended to read as follows:

(1) "Active employee" means a contributing member of the Teacher Retirement System of Texas [~~an employee as defined by Section 821.001, Government Code~~], who:

(A) is employed by a public school [~~a member of the system~~]; and

(B) is not entitled to coverage under a plan provided under Chapter 1551 or 1601.

(3) "Carrier" means an insurance company or hospital service corporation authorized by the department under this code or another insurance law of this state to provide any of the insurance coverages, benefits, or services provided by this chapter.

(4) "Fund" means the retired [~~Texas public~~] school employees group insurance fund.

(6-a) "Public school" means:

1 (A) a school district;

2 (B) another educational district whose employees
3 are members of the Teacher Retirement System of Texas;

4 (C) a regional education service center
5 established under Chapter 8, Education Code; or

6 (D) an open-enrollment charter school
7 established under Subchapter D, Chapter 12, Education Code.

8 (7) "Trustee" ["System"] means the Teacher Retirement
9 System of Texas.

10 SECTION 2. Section 1575.004, Insurance Code, as effective
11 June 1, 2003, is amended to read as follows:

12 Sec. 1575.004. DEFINITION OF RETIREE. In this chapter,
13 "retiree" means:

14 (1) an individual not eligible for coverage under a
15 plan provided under Chapter 1551 or 1601 who:

16 (A) is at least 65 years of age and has taken a
17 service retirement under the Teacher Retirement System of Texas
18 [~~system~~] with at least 10 years of service credit in the system for
19 actual service in public schools in this state; or

20 (B) has taken a service retirement under the
21 Teacher Retirement System of Texas and who has at least 10 years of
22 service credit for actual public service in the public schools in
23 this state, and the sum of the individual's age and amount of
24 service credit earned for service in the public schools of this
25 state equals or exceeds the number 80 [~~and~~

26 [~~(B) is not eligible for coverage under a plan~~
27 ~~provided under Chapter 1551 or 1601]~~; or

1 (2) an individual who:

2 (A) has taken a disability retirement under the
3 Teacher Retirement System of Texas [~~system~~]; and

4 (B) is entitled to receive monthly benefits from
5 the Teacher Retirement System of Texas [~~system~~].

6 SECTION 3. (a) Section 1575.153, Insurance Code, as
7 effective June 1, 2003, is amended to conform to Section 3.10,
8 Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001,
9 and further amended to read as follows:

10 Sec. 1575.153. [AUTOMATIC] BASIC COVERAGE. A retiree [~~or~~
11 ~~active employee of a participating school district~~] who applies for
12 coverage during an enrollment period may not be denied coverage in a
13 basic plan provided under this chapter unless the trustee [~~board of~~
14 ~~trustees~~] finds under Subchapter K that the retiree [~~individual~~]
15 defrauded or attempted to defraud the group program.

16 (b) Section 3.10, Chapter 1187, Acts of the 77th
17 Legislature, Regular Session, 2001, is repealed.

18 SECTION 4. Subchapter D, Chapter 1575, Insurance Code, as
19 effective June 1, 2003, is amended by adding Sections 1575.161 and
20 1575.162 to read as follows:

21 Sec. 1575.161. OPEN ENROLLMENT; ADDITIONAL ENROLLMENT
22 PERIODS. (a) A retiree eligible for coverage under the group
23 program may select any coverage provided under this chapter for
24 which the person is otherwise eligible:

25 (1) on the date that the person retires; and

26 (2) during any open enrollment periods for retirees
27 set by the trustee by rule.

1 (b) In addition to the enrollment periods authorized under
2 Subsection (a), a retiree who:

3 (1) is enrolled in the group program as of August 31,
4 2004, and who is 65 years of age or older on that date may select
5 coverage as described by Subsections (c) and (d) on September 1,
6 2004; or

7 (2) enrolls in the group program on or after
8 September 1, 2004, and who is 65 years of age or older on or after
9 that date may select coverage as described in Subsections (c) and
10 (d) on the date that the retiree is 65 years of age.

11 (c) If a retiree described by Subsection (b) is not covered
12 by the Medicare program, the retiree may enroll in the next-higher
13 coverage tier under the group program and may add dependent
14 coverage in that same coverage tier.

15 (d) If a retiree described by Subsection (b) is covered by
16 the Medicare program, the retiree may enroll in any coverage tier
17 under the group program and may add dependent coverage in that same
18 coverage tier.

19 (e) This section does not affect the right of a retiree
20 enrolled in a coverage tier under the group program to select a
21 lower level of coverage at any time.

22 Sec. 1575.162. SPECIAL ENROLLMENTS. This chapter does not
23 limit the ability of an individual to enroll in the group program if
24 the individual:

25 (1) experiences a special enrollment event as provided
26 by the Health Insurance Portability and Accountability Act of 1996
27 (Pub. L. No. 104-191, 110 Stat. 1936 (1996)), as amended; and

1 (2) is otherwise eligible to enroll in the group
2 program.

3 SECTION 5. Section 1575.201, Insurance Code, as effective
4 June 1, 2003, is amended to read as follows:

5 Sec. 1575.201. ADDITIONAL STATE CONTRIBUTIONS; CERTAIN
6 CONTRIBUTIONS. (a) The state through the trustee [~~system~~] shall
7 contribute from money in the fund:

8 (1) the total cost of the basic plan covering each
9 participating retiree; and

10 (2) for each participating dependent, surviving
11 spouse, and surviving dependent child, the amount prescribed by the
12 General Appropriations Act to cover part of the cost of the basic
13 plan covering the dependent, surviving spouse, and surviving
14 dependent child.

15 (b) The trustee shall collect the amount of premium required
16 for basic coverage under the group program that exceeds the amount
17 contributed by the state for those individuals described by
18 Subsection (a)(2).

19 SECTION 6. Subsection (a), Section 1575.203, Insurance
20 Code, as effective June 1, 2003, is amended to read as follows:

21 (a) Each state fiscal year, each active employee shall, as a
22 condition of employment, contribute to the fund an amount equal to
23 0.5 [~~0.25~~] percent of the employee's salary.

24 SECTION 7. Section 1575.204, Insurance Code, as effective
25 June 1, 2003, is amended to read as follows:

26 Sec. 1575.204. PUBLIC SCHOOL CONTRIBUTION [~~RATIO OF STATE~~
27 ~~AND ACTIVE EMPLOYEE CONTRIBUTIONS~~]. Each state fiscal year, each

1 public school shall contribute to the fund the amount prescribed by
2 the General Appropriations Act, which may not be less than 0.25
3 percent or greater than 0.75 percent of the salary of each active
4 employee of the public school. The public school shall make the
5 contributions on a monthly basis and as otherwise prescribed by the
6 trustee [~~If the amount of state and active employee contributions~~
7 ~~to the fund is raised by the legislature above the percentages~~
8 ~~provided by Sections 1575.202 and 1575.203 to provide adequate~~
9 ~~funding for the group program, the ratio between the state's~~
10 ~~contribution and the active employees' contributions must be~~
11 ~~maintained at two to one].~~

12 SECTION 8. Subchapter E, Chapter 1575, Insurance Code, as
13 effective June 1, 2003, is amended by adding Sections 1575.211 and
14 1575.212 to read as follows:

15 Sec. 1575.211. COST SHARING. (a) The total costs for the
16 operation of the group program shall be shared among the state, the
17 public schools, the active employees, and the retirees in the
18 manner prescribed by the General Appropriations Act.

19 (b) In determining the allocation of total costs under this
20 section, the state shall pay not more than 55 percent of the total
21 costs, retirees shall pay at least 30 percent of the total costs,
22 and the balance shall be paid by active employees and public
23 schools.

24 Sec. 1575.212. PAYMENT BY RETIREES; RANGES. (a) The
25 trustee by rule shall establish ranges for payment of the share of
26 total costs allocated under Section 1575.211 to retirees, with
27 different levels for:

1 (1) retirees who are not eligible to participate in
2 Part A of the Medicare program;

3 (2) retirees who are eligible for participation but
4 are not participating in Part A of the Medicare program; and

5 (3) retirees who are eligible for participation in the
6 Medicare program and are participating in Part A of the Medicare
7 program.

8 (b) In establishing ranges for payment of the share of total
9 costs allocated under Section 1575.211 to retirees, the trustee may
10 consider the years of service credit accrued by a retiree and may
11 reward those retirees with more years of service credit.

12 SECTION 9. The following laws are repealed:

13 (1) Section 1575.154, Insurance Code, as effective
14 June 1, 2003; and

15 (2) Subsection (h), Section 823.401, Government Code.

16 SECTION 10. Effective September 1, 2003, the comptroller of
17 public accounts shall transfer \$42 million from the Texas school
18 employees uniform group coverage trust fund established under
19 Section 8, Article 3.50-7, Insurance Code, to the retired school
20 employees group insurance fund described by Subchapter G, Chapter
21 1575, Insurance Code, to compensate the retired school employees
22 group insurance fund for money transferred from that fund under
23 Section 4.01, Chapter 1187, Acts of the 77th Legislature, Regular
24 Session, 2001.

25 SECTION 11. The change in law made by this Act to Subsection
26 (a), Section 1575.203, and Sections 1575.204 and 1575.211,
27 Insurance Code, takes effect September 1, 2003.

1 SECTION 12. To the extent of any conflict, this Act prevails
2 over another Act of the 78th Legislature, Regular Session, 2003,
3 relating to nonsubstantive additions to and corrections in enacted
4 codes.

5 SECTION 13. Except as otherwise provided by this Act, this
6 Act takes effect September 1, 2004.