

1-1 By: Duncan S.B. No. 1369  
1-2 (In the Senate - Filed March 13, 2003; March 19, 2003, read  
1-3 first time and referred to Committee on State Affairs;  
1-4 April 22, 2003, rereferred to Committee on Finance; May 7, 2003,  
1-5 reported adversely, with favorable Committee Substitute by the  
1-6 following vote: Yeas 9, Nays 3; May 7, 2003, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1369 By: Duncan

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to certain group benefits for retired school employees.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 1575.002, Insurance Code, as effective  
1-13 June 1, 2003, is amended by repealing Subdivision (2), amending  
1-14 Subdivisions (1), (3), (4), and (7) and adding Subdivision (6-a) to  
1-15 conform to Section 3.03, Chapter 1187, Acts of the 77th  
1-16 Legislature, Regular Session, 2001, and to conform more closely to  
1-17 the source law from which the section was derived, and further  
1-18 amended to read as follows:

1-19 (1) "Active employee" means a contributing member of  
1-20 the Teacher Retirement System of Texas [~~an employee as defined by~~  
1-21 ~~Section 821.001, Government Code~~], who:

1-22 (A) is employed by a public school [~~a member of~~  
1-23 ~~the system~~]; and

1-24 (B) is not entitled to coverage under a plan  
1-25 provided under Chapter 1551 or 1601.

1-26 (3) "Carrier" means an insurance company or hospital  
1-27 service corporation authorized by the department under this code or  
1-28 another insurance law of this state to provide any of the insurance  
1-29 coverages, benefits, or services provided by this chapter.

1-30 (4) "Fund" means the retired [~~Texas public~~] school  
1-31 employees group insurance fund.

1-32 (6-a) "Public school" means:

1-33 (A) a school district;

1-34 (B) another educational district whose employees  
1-35 are members of the Teacher Retirement System of Texas;

1-36 (C) a regional education service center  
1-37 established under Chapter 8, Education Code; or

1-38 (D) an open-enrollment charter school  
1-39 established under Subchapter D, Chapter 12, Education Code.

1-40 (7) "Trustee" [~~"System"~~] means the Teacher Retirement  
1-41 System of Texas.

1-42 SECTION 2. Section 1575.004, Insurance Code, as effective  
1-43 June 1, 2003, is amended to read as follows:

1-44 Sec. 1575.004. DEFINITION OF RETIREE. In this chapter,  
1-45 "retiree" means:

1-46 (1) an individual not eligible for coverage under a  
1-47 plan provided under Chapter 1551 or 1601 who:

1-48 (A) is at least 65 years of age and has taken a  
1-49 service retirement under the Teacher Retirement System of Texas  
1-50 [system] with at least 10 years of service credit in the system for  
1-51 actual service in public schools in this state; or

1-52 (B) has taken a service retirement under the  
1-53 Teacher Retirement System of Texas and who has at least 10 years of  
1-54 service credit for actual public service in the public schools in  
1-55 this state, and the sum of the individual's age and amount of  
1-56 service credit, excluding any service credit purchased under  
1-57 Section 823.405, Government Code, equals or exceeds the number 80  
1-58 [and

1-59 [~~(B) is not eligible for coverage under a plan~~  
1-60 ~~provided under Chapter 1551 or 1601]; or~~

1-61 (2) an individual who:

1-62 (A) has taken a disability retirement under the  
1-63 Teacher Retirement System of Texas [~~system~~]; and

2-1 (B) is entitled to receive monthly benefits from  
2-2 the Teacher Retirement System of Texas [~~system~~].

2-3 SECTION 3. (a) Section 1575.153, Insurance Code, as  
2-4 effective June 1, 2003, is amended to conform to Section 3.10,  
2-5 Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001,  
2-6 and further amended to read as follows:

2-7 Sec. 1575.153. [~~AUTOMATIC~~] BASIC COVERAGE. A retiree [~~or~~  
2-8 ~~active employee of a participating school district~~] who applies for  
2-9 coverage during an enrollment period may not be denied coverage in a  
2-10 basic plan provided under this chapter unless the trustee [~~board of~~  
2-11 ~~trustees~~] finds under Subchapter K that the retiree [~~individual~~]  
2-12 defrauded or attempted to defraud the group program.

2-13 (b) Section 3.10, Chapter 1187, Acts of the 77th  
2-14 Legislature, Regular Session, 2001, is repealed.

2-15 SECTION 4. Subchapter D, Chapter 1575, Insurance Code, as  
2-16 effective June 1, 2003, is amended by adding Sections 1575.161 and  
2-17 1575.162 to read as follows:

2-18 Sec. 1575.161. OPEN ENROLLMENT; ADDITIONAL ENROLLMENT  
2-19 PERIODS. (a) A retiree eligible for coverage under the group  
2-20 program may select any coverage provided under this chapter for  
2-21 which the person is otherwise eligible:

2-22 (1) on the date that the person retires; and

2-23 (2) during any open enrollment periods for retirees  
2-24 set by the trustee by rule.

2-25 (b) In addition to the enrollment periods authorized under  
2-26 Subsection (a), a retiree who:

2-27 (1) is enrolled in the group program as of August 31,  
2-28 2004, and who is 65 years of age or older on that date may select  
2-29 coverage as described by Subsections (c) and (d) on September 1,  
2-30 2004; or

2-31 (2) enrolls in the group program on or after  
2-32 September 1, 2004, and who is 65 years of age or older on or after  
2-33 that date may select coverage as described in Subsections (c) and  
2-34 (d) on the date that the retiree is 65 years of age.

2-35 (c) If a retiree described by Subsection (b) is not covered  
2-36 by the Medicare program, the retiree may enroll in the next-higher  
2-37 coverage tier under the group program and may add dependent  
2-38 coverage in that same coverage tier effective September 1, 2004.

2-39 (d) If a retiree described by Subsection (b) is covered by  
2-40 the Medicare program, the retiree may enroll in any coverage tier  
2-41 under the group program and may add dependent coverage in that same  
2-42 coverage tier.

2-43 (e) This section does not affect the right of a retiree  
2-44 enrolled in a coverage tier under the group program to select a  
2-45 lower level of coverage at any time.

2-46 Sec. 1575.162. SPECIAL ENROLLMENTS. This chapter does not  
2-47 limit the ability of an individual to enroll in the group program if  
2-48 the individual:

2-49 (1) experiences a special enrollment event as provided  
2-50 by the Health Insurance Portability and Accountability Act of 1996  
2-51 (Pub. L. No. 104-191, 110 Stat. 1936 (1996)), as amended; and

2-52 (2) is otherwise eligible to enroll in the group  
2-53 program.

2-54 SECTION 5. Section 1575.201, Insurance Code, as effective  
2-55 June 1, 2003, is amended to read as follows:

2-56 Sec. 1575.201. ADDITIONAL STATE CONTRIBUTIONS; CERTAIN  
2-57 CONTRIBUTIONS. (a) The state through the trustee [~~system~~] shall  
2-58 contribute from money in the fund:

2-59 (1) the total cost of the basic plan covering each  
2-60 participating retiree; and

2-61 (2) for each participating individual to whom  
2-62 Subdivision (1) does not apply, the amount prescribed by the  
2-63 General Appropriations Act to cover part of the cost of the basic  
2-64 plan covering the individual.

2-65 (b) The trustee shall collect from an individual described  
2-66 by Subsection (a)(2) the amount of premium required for basic  
2-67 coverage under the group program that exceeds the amount  
2-68 contributed by the state.

2-69 SECTION 6. Subsection (a), Section 1575.203, Insurance  
2-70 Code, as effective June 1, 2003, is amended to read as follows:

3-1 (a) Each state fiscal year, each active employee shall, as a  
3-2 condition of employment, contribute to the fund an amount equal to  
3-3 0.5 [~~0.25~~] percent of the employee's salary.

3-4 SECTION 7. Section 1575.204, Insurance Code, as effective  
3-5 June 1, 2003, is amended to read as follows:

3-6 Sec. 1575.204. PUBLIC SCHOOL CONTRIBUTION [RATIO OF STATE  
3-7 AND ACTIVE EMPLOYEE CONTRIBUTIONS]. Each state fiscal year, each  
3-8 public school shall contribute to the fund the amount prescribed by  
3-9 the General Appropriations Act, which may not be less than 0.25  
3-10 percent or greater than 0.75 percent of the salary of each active  
3-11 employee of the public school. The public school shall make the  
3-12 contributions on a monthly basis and as otherwise prescribed by the  
3-13 trustee [If the amount of state and active employee contributions  
3-14 to the fund is raised by the legislature above the percentages  
3-15 provided by Sections 1575.202 and 1575.203 to provide adequate  
3-16 funding for the group program, the ratio between the state's  
3-17 contribution and the active employees' contributions must be  
3-18 maintained at two to one].

3-19 SECTION 8. Subchapter E, Chapter 1575, Insurance Code, as  
3-20 effective June 1, 2003, is amended by adding Sections 1575.211 and  
3-21 1575.212 to read as follows:

3-22 Sec. 1575.211. COST SHARING. (a) The total costs for the  
3-23 operation of the group program shall be shared among the state, the  
3-24 public schools, the active employees, and the retirees in the  
3-25 manner prescribed by the General Appropriations Act.

3-26 (b) In determining the allocation of total costs under this  
3-27 section, the state shall pay not more than 55 percent of the total  
3-28 costs, retirees shall pay at least 30 percent of the total costs,  
3-29 and the balance shall be paid by active employees and public  
3-30 schools.

3-31 Sec. 1575.212. PAYMENT BY RETIREES; RANGES. (a) The  
3-32 trustee by rule shall establish ranges for payment of the share of  
3-33 total costs allocated under Section 1575.211 to retirees, with  
3-34 different levels for:

3-35 (1) retirees who are not eligible to participate in  
3-36 Part A of the Medicare program;

3-37 (2) retirees who are eligible for participation but  
3-38 are not participating in Part A of the Medicare program; and

3-39 (3) retirees who are eligible for participation in the  
3-40 Medicare program and are participating in Part A of the Medicare  
3-41 program.

3-42 (b) In establishing ranges for payment of the share of total  
3-43 costs allocated under Section 1575.211 to retirees, the trustee may  
3-44 consider the years of service credit accrued by a retiree and may  
3-45 reward those retirees with more years of service credit.

3-46 SECTION 9. The following laws are repealed:

3-47 (1) Section 1575.154, Insurance Code, as effective  
3-48 June 1, 2003; and

3-49 (2) Subsection (h), Section 823.401, Government Code.

3-50 SECTION 10. Effective September 1, 2003, the comptroller of  
3-51 public accounts shall transfer \$42 million from the Texas school  
3-52 employees uniform group coverage trust fund established under  
3-53 Section 8, Article 3.50-7, Insurance Code, to the retired school  
3-54 employees group insurance fund described by Subchapter G, Chapter  
3-55 1575, Insurance Code, to compensate the retired school employees  
3-56 group insurance fund for money transferred from that fund under  
3-57 Section 4.01, Chapter 1187, Acts of the 77th Legislature, Regular  
3-58 Session, 2001.

3-59 SECTION 11. The change in law made by this Act to Subsection  
3-60 (a), Section 1575.203, and Sections 1575.204 and 1575.211,  
3-61 Insurance Code, takes effect September 1, 2003.

3-62 SECTION 12. To the extent of any conflict, this Act prevails  
3-63 over another Act of the 78th Legislature, Regular Session, 2003,  
3-64 relating to nonsubstantive additions to and corrections in enacted  
3-65 codes.

3-66 SECTION 13. Except as otherwise provided by this Act, this  
3-67 Act takes effect September 1, 2004.

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