

## **BILL ANALYSIS**

H.B. 417  
By: Delisi  
Insurance  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

There are state employees whose prior military service makes them eligible for the TRICARE Military Health System. Many might find this an attractive option if a supplemental policy was offered that enhanced the TRICARE benefits and increased the number of TRICARE providers. There are financial benefits to the state if these employees decide to move from the state's Employee Retirement System plan to TRICARE. This legislation authorizes the ERS to offer a TRICARE supplemental policy to state employees as an alternative to the state's standard health care benefits package.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the board of trustees for the Employees Retirement System of Texas in Section 1 of this bill (Section 1551.221(h) of the Insurance Code).

### **ANALYSIS**

This bill amends Chapter 1551 of the Insurance Code by adding Section 1551.221, which authorizes the board of trustees to provide a voluntary supplemental health coverage program. An individual who is eligible for the group benefits program and for benefits under TRICARE Military Health System may choose to receive primary coverage under TRICARE. An individual electing to do so does not receive basic coverage through the group benefits program. The cost of the supplemental health coverage will be paid from state, employer, and employee contributions. The board of trustees may purchase supplemental health coverage, or may provide the coverage directly from the employee's life, accident, and health insurance benefits funds if this is found to be cost-effective. The board is only authorized to implement a supplemental health coverage program if it finds such a program to be cost-effective and advantageous to the state and program participants. The board of trustees is authorized to coordinate purchasing, contracting, and administrative functions relating to this program with an agency or political subdivision of the state, or a retirement system that provides benefits to retired employees of the state or a political subdivision of the state. The board is also authorized to enter into a contract to implement this, including an interagency contract. If the board of trustees establishes a supplemental health coverage program, the amount of the contribution made for an individual choosing to receive supplemental coverage may be reduced to reflect the reduced cost of the supplemental health coverage.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.