

## **BILL ANALYSIS**

S.B. 1319  
By: Staples  
Pensions & Investments  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Current Texas law, under the Insurance Code, requires certain state annuitants, those who retire before age 65, to pay the full actuarial cost of their health insurance premium.

In 2003 the 78th Legislature, Regular Session, increased from 55 to 65 the age requirement by which state and higher education employees could retire and receive healthcare benefits paid by the state. The University of Texas System (UT System) and Texas A&M University (A&M System) were exempted from this new provision in state law, creating an uneven playing field among institutions of higher education. Currently, the Employees Retirement System of Texas (ERS) and Higher Education Group Insurance (HEGI) do not provide the same benefits for retirees between the ages of 55 and 65 as are provided by the UT System and A&M System.

S.B. 1319 requires an eligible annuitant to pay an amount equal to the amount of the state or other employer contribution that would have been made on behalf of the annuitant and, if applicable, the annuitant's dependents. It also allows some or all of the benefit costs to be paid by a state contribution.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **ANALYSIS**

SECTION 1. Amends Section 1551.323, Insurance Code, by amending Subsection (a), and adding Subsections (a-1), (a-2), and (a-3), as follows:

(a) Provides that an annuitant eligible to participate under Section 1551.102(i), 1551.111 (e), or 1551.112(c) is required to pay, until the date the individual is 65 years of age, an amount equal to the amount of the state employer or other employer contribution that would be made on behalf of the annuitant and, if applicable, the annuitant's dependents under this chapter if the annuitant were eligible to participate under another provision of Section 1551.102, 1551.111, or 1551.112.

(a-1) Provides that the payment made under this section is in addition to other contributions required under Sections 1551.305, 1551.306, or 1551.307.

(a-2) Requires the costs, if the General Appropriations Act or other similar legislation provides that some or all of the costs paid under Subsection (a) are payable by a state contribution, to be paid in the manner specified by that legislation, notwithstanding Subsection (a).

(a-3) Authorizes an institution of higher education, notwithstanding Subsection (a), to provide some or all of the costs paid under Subsection (a) from money appropriated from a fund other than the general revenue fund or from money available from local sources.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2005.

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**EFFECTIVE DATE**

September 1, 2005