

## **BILL ANALYSIS**

C.S.H.B. 3608

By: Truitt

Pensions, Investments & Financial Services  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The federal Pension Protection Act of 2006 includes a provision permitting eligible retired public safety officers to elect to exclude up to \$3,000 of their retirement benefit from income if the exclusion is used for qualified health insurance premiums or long-term care insurance premiums. The provision is generally referred to as the Health Care Enhancement for Local Public Safety Officers (HELPS) election. However, premiums are not eligible for this income exclusion if they are not deducted directly from a government retirement plan distribution, such as a monthly annuity payment. Some retired public safety officers who would otherwise be eligible for the HELPS election are unable to take advantage of it because their premiums are not currently deducted from their Teacher Retirement System of Texas (TRS) annuity payments. These retired officers receive a TRS annuity, but are covered under health plans with The University of Texas and Texas A&M University. The current statutory authority of TRS for retiree health benefit premium deductions is limited to TRS-Care, which is the TRS administered retiree health benefits program, and the Employees Retirement System of Texas administered group benefits program for retired state employees and retired higher education employees other than those at The University of Texas and Texas A&M University.

C.S.H.B. 3608 provides statutory authorization for retired public safety officers participating in The University of Texas and Texas A&M University retiree health programs to deduct their qualified health insurance premiums from their TRS retirement annuities.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3608 amends the Government Code to provide that an individual eligible to participate in the uniform insurance benefits program for employees of The University of Texas System and The Texas A&M University System may authorize the Teacher Retirement System of Texas (TRS) to deduct the amount of the contribution and any other qualified health insurance premium from the person's regular monthly service or disability retirement annuity payment if the individual is eligible to receive a monthly annuity from TRS in an amount in greater than the total authorized deduction amount and is eligible under applicable provisions of the federal Internal Revenue Code of 1986 or a similar law to elect to exclude from annual gross income up to \$3,000 of distributions from an eligible retirement plan used for qualified health insurance premiums. The bill provides that the individual may authorize the deduction on a form provided by the program administrator. The bill requires the program administrator to coordinate with TRS to implement the authorization. The bill requires TRS, after making the deductions, to pay the program administrator an aggregate amount for all individuals who authorize such annuity deductions. The bill requires TRS to inform the program administrator if an individual is no longer receiving a monthly annuity in an amount greater than the total authorized deduction amount, and releases TRS from the requirement to make any deduction for the individual. The

bill provides that TRS is not required to accept an individual's authorization for a deduction if payment of qualified health insurance premiums by deduction from a retirement plan annuity is not required for an eligible retiree to elect the gross income exclusion. The bill defines "program administrator" for the purposes of these provisions.

**EFFECTIVE DATE**

September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3608 adds a definition not in the original for "program administrator." The substitute differs from the original by authorizing an eligible individual to deduct certain amounts from the person's regular monthly service or disability retirement annuity payment under the Teacher Retirement System of Texas if the person is eligible under applicable provisions of the federal Internal Revenue Code of 1986, rather than applicable provisions of the federal Pension Protection Act of 2006 as in the original.