

BILL ANALYSIS

Senate Research Center

S.B. 654
By: Zaffirini
Intergovernmental Relations
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under Chapter 175 (Right of Employees of Certain Political Subdivisions to Purchase Continued Health Coverage at Retirement), Local Government Code, employees of counties with populations of 75,000 or more possess the right to purchase continued health coverage upon retirement.

In 1979, county appraisal districts were created in each county and employees of the county taxing authority were transferred to the appraisal district. These districts are technically political subdivisions of the state and are separate entities from their respective counties. Therefore Chapter 175, Local Government Code, does not apply to appraisal district employees and these employees do not have the right to purchase continued health coverage upon retirement.

Retiree health insurance is a major concern of both current and retired employees. Some persons retire before they are eligible for federal Medicare benefits and are left without coverage until they become eligible. A single major illness could deplete the life savings of a retiree who is without health coverage. Employees often indicate a willingness to pay higher insurance premiums while working in order to guarantee health insurance availability upon retirement.

S.B. 654 provides that Chapter 175, Local Government Code, applies to a person who retires from employment by an appraisal district in a county with a population of 75,000 or more and who is entitled to receive retirement benefits from a county, appraisal district, or municipal retirement plan.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Chapter 175, Local Government Code, to read as follows:

CHAPTER 175. RIGHT OF EMPLOYEES OF CERTAIN POLITICAL SUBDIVISIONS TO PURCHASE CONTINUED HEALTH COVERAGE AT RETIREMENT

SECTION 2. Amends Section 175.001, Local Government Code, as follows:

Sec. 175.001. APPLICABILITY. (a) Provides that this chapter applies to a person who retires from employment by an appraisal district in a county with a population of 75,000 or more, and who is entitled to receive retirement benefits from a county, appraisal district, or municipal retirement plan. Makes nonsubstantive changes.

SECTION 3. Amends Sections 175.002(a) and (b), Local Government Code, as follows:

(a) Requires that the continued health benefits coverage be provided under the group health insurance plan or group health coverage plan provided by or through the employing political subdivision, rather than county or municipality, to its employees.

(b) Makes conforming changes.

SECTION 4. Amends Sections 175.003-175.007, Local Government Code, as follows:

Sec. 175.003. LEVEL OF COVERAGE. Authorizes the person to elect to cover the same persons who were covered under the political subdivision's, rather than county's or municipality's, group health insurance plan or group health coverage plan through the person at the time the person left employment with the political subdivision, rather than county or municipality, or the person is authorized to elect to discontinue coverage for one or more persons. Makes conforming changes.

Sec. 175.004. PAYMENT FOR COVERAGE. Makes a conforming change.

Sec. 175.005. DUTY TO INFORM RETIREE OF RIGHTS. Requires that a political subdivision, rather than a county and a municipality, provide written notice to a person to whom this chapter may apply of the person's rights under this chapter not later than the date the person retires from the political subdivision. Makes conforming changes.

Sec. 175.006. CERTAIN MATTERS NOT AFFECTED. Makes conforming changes.

Sec. 175.007. EXEMPTIONS. Makes conforming changes.

SECTION 5. Amends Section 172.003(3), Local Government Code, to redefine "political subdivision."

SECTION 6. (a) Provides that Chapter 175, Local Government Code, as amended by this Act, applies according to its terms to all eligible persons who leave employment with an appraisal district on or after January 1, 2010.

(b) Requires an appraisal district that is required by Chapter 175, Local Government Code, as amended by this Act, to provide continued health benefits coverage but that is not allowed to provide the coverage under the terms of the appraisal district's existing group health plan, to ensure that the required continued health benefits coverage is provided for in any new plan that is adopted by the appraisal district on or after January 1, 2010, unless the appraisal district is exempted under Section 175.007, Local Government Code, as amended by this Act.

SECTION 7. Effective date: upon passage or September 1, 2009.