

BILL ANALYSIS

S.B. 654
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, employees of counties with populations of 75,000 or more are entitled 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 technically are political subdivisions of the state and are separate entities from their respective counties, meaning the law regarding continued health coverage does not apply to appraisal district employees.

Retiree health insurance is a concern of both current and retired employees. Some people 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 includes 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 an appraisal district among those local government employees entitled to purchase continued health coverage at retirement.

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

S.B. 654 amends the Local Government Code to include a person who retires from employment by an appraisal district in a county with a population of 75,000 or more and is entitled to receive retirement benefits from an appraisal district among those local government employees entitled to purchase continued health coverage at retirement. The bill replaces references to employment with a county or municipality with references to employment with a political subdivision in those provisions relating to the right of certain public employees to purchase continued health coverage at retirement. The bill makes its provisions applicable to all eligible persons who leave employment with an appraisal district on or after January 1, 2010, and requires an appraisal district that is required by the bill's provisions 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 state law.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.