

AN ACT

relating to continued health coverage for employees of certain political subdivisions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Chapter 175, Local Government Code, is amended to read as follows:

CHAPTER 175. RIGHT OF [~~CERTAIN MUNICIPAL AND COUNTY~~] EMPLOYEES OF CERTAIN POLITICAL SUBDIVISIONS TO PURCHASE CONTINUED HEALTH COVERAGE AT RETIREMENT

SECTION 2. Section 175.001, Local Government Code, is amended to read as follows:

Sec. 175.001. APPLICABILITY. This chapter applies to a person who:

(1) retires from:

(A) county employment in a county with a population of 75,000 or more;

(B) employment by an appraisal district in a county with a population of 75,000 or more; or

(C) municipal employment in a municipality with a population of 25,000 or more; and

(2) is entitled to receive retirement benefits from a county, appraisal district, or municipal retirement plan.

SECTION 3. Subsections (a) and (b), Section 175.002, Local Government Code, are amended to read as follows:

1 (a) A person to whom this chapter applies is entitled to
2 purchase continued health benefits coverage for the person and the
3 person's dependents as provided by this chapter unless the person
4 is eligible for group health benefits coverage through another
5 employer. The coverage shall be provided under the group health
6 insurance plan or group health coverage plan provided by or through
7 the employing political subdivision [~~county or municipality~~] to its
8 employees.

9 (b) To receive continued coverage under this chapter, the
10 person must inform the employing political subdivision [~~county or~~
11 ~~municipality~~], not later than the day on which the person retires
12 from the political subdivision [~~county or municipality~~], that the
13 person elects to continue coverage.

14 SECTION 4. Sections 175.003 through 175.007, Local
15 Government Code, are amended to read as follows:

16 Sec. 175.003. LEVEL OF COVERAGE. (a) The person may elect
17 to cover the same persons who were covered under the political
18 subdivision's [~~county's or municipality's~~] group health insurance
19 plan or group health coverage plan through the person at the time
20 the person left [~~county or municipal~~] employment with the political
21 subdivision, or the person may elect to discontinue coverage for
22 one or more persons. A person who was not covered under the plan at
23 the time the person to whom this chapter applies left [~~county or~~
24 ~~municipal~~] employment with the political subdivision is not
25 eligible for coverage under this chapter.

26 (b) Except as provided by Subsections (c) and (d), the level
27 of coverage provided under this chapter at any given time is the

1 same level of coverage provided to current employees of the
2 political subdivision [~~county or municipality~~] at that time.

3 (c) A political subdivision [~~county or municipality~~] may
4 substitute Medicare supplement health benefits coverage as the
5 coverage provided for a person who receives health benefits
6 coverage under this chapter, including a dependent, after the date
7 that the person becomes eligible for federal Medicare benefits.

8 (d) The person may elect to continue coverage at a reduced
9 level, if offered by the political subdivision [~~county or~~
10 ~~municipality~~].

11 Sec. 175.004. PAYMENT FOR COVERAGE. A person who is
12 entitled to continued coverage under this chapter is entitled to
13 make payments for the coverage at the same time and to the same
14 entity that payments for the coverage are made by current employees
15 of the political subdivision [~~county or municipality~~].

16 Sec. 175.005. DUTY TO INFORM RETIREE OF RIGHTS. A political
17 subdivision [~~county and a municipality~~] shall provide written
18 notice to a person to whom this chapter may apply of the person's
19 rights under this chapter not later than the date the person retires
20 from the political subdivision [~~county or municipality~~]. A
21 political subdivision [~~county or municipality~~] may fulfill its
22 requirements under this section by placing the written notice
23 required by this section in a personnel manual or employee handbook
24 that is available to all employees.

25 Sec. 175.006. CERTAIN MATTERS NOT AFFECTED. This chapter
26 does not:

27 (1) prohibit a political subdivision [~~county or~~

1 ~~municipality~~] from uniformly changing the group health insurance
2 plan or group health coverage plan provided for its employees and
3 retirees;

4 (2) affect the definition of a dependent or the
5 eligibility requirements for a dependent under a plan;

6 (3) prohibit a political subdivision [~~county or~~
7 ~~municipality~~] from agreeing with a person to deduct the cost of
8 coverage provided under this chapter from a pension check;

9 (4) prohibit a political subdivision [~~county or~~
10 ~~municipality~~] from agreeing with a person to pay for the coverage
11 provided under this chapter provided the person reimburses the
12 political subdivision [~~county or municipality~~] for the actual cost
13 of the coverage;

14 (5) prohibit a political subdivision [~~county,~~
15 ~~municipality,~~] or a pool established under Chapter 172 from
16 increasing the cost of group health coverage to its employees and to
17 persons covered under this chapter to reflect the increased cost,
18 if any, attributable to compliance with this chapter;

19 (6) affect the right of a political subdivision
20 [~~county or municipality~~] to provide coverage under Chapter 172; or

21 (7) affect the right of a political subdivision
22 [~~county, municipality,~~] or a pool established under Chapter 172 to
23 offer the coverage at the same rate that is available to active
24 employees or to offer the coverage at a reasonable or actual rate
25 established for retirees that may be greater than the rate offered
26 to active employees.

27 Sec. 175.007. EXEMPTIONS. (a) A political subdivision

1 ~~[county or municipality]~~ that does not provide health benefits
2 coverage through a self-insured plan or a plan authorized under
3 Chapter 172 is not required to provide coverage under this chapter
4 if the political subdivision ~~[county or municipality]~~ makes a good
5 faith effort to purchase insurance coverage that includes coverage
6 required by this chapter from an insurance company authorized to do
7 business in this state and from pools established under Chapter 172
8 but is unable to find a provider for the coverage.

9 (b) A political subdivision ~~[county or municipality]~~ that
10 is providing coverage substantially similar to or better than the
11 coverage required by this chapter is exempt from this chapter.

12 SECTION 5. Subdivision (3), Section 172.003, Local
13 Government Code, is amended to read as follows:

14 (3) "Political subdivision" means a county,
15 municipality, special district, school district, junior college
16 district, housing authority, or other political subdivision of this
17 ~~[the]~~ state or any other state.

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

22 (b) An appraisal district that is required by Chapter 175,
23 Local Government Code, as amended by this Act, to provide continued
24 health benefits coverage but that is not allowed to provide the
25 coverage under the terms of the appraisal district's existing group
26 health plan shall ensure that the required continued health
27 benefits coverage is provided for in any new plan that is adopted by

1 the appraisal district on or after January 1, 2010, unless the
2 appraisal district is exempted under Section 175.007, Local
3 Government Code, as amended by this Act.

4 SECTION 7. This Act takes effect immediately if it receives
5 a vote of two-thirds of all the members elected to each house, as
6 provided by Section 39, Article III, Texas Constitution. If this
7 Act does not receive the vote necessary for immediate effect, this
8 Act takes effect September 1, 2009.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 654 passed the Senate on April 16, 2009, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 29, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 654 passed the House, with amendments, on May 26, 2009, by the following vote: Yeas 138, Nays 7, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor