

1-1 By: Zaffirini S.B. No. 654
1-2 (In the Senate - Filed February 3, 2009; February 23, 2009,
1-3 read first time and referred to Committee on Intergovernmental
1-4 Relations; April 6, 2009, reported favorably by the following
1-5 vote: Yeas 3, Nays 0; April 6, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to continued health coverage for employees of certain
1-9 political subdivisions.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. The heading to Chapter 175, Local Government
1-12 Code, is amended to read as follows:

1-13 CHAPTER 175. RIGHT OF [~~CERTAIN MUNICIPAL AND COUNTY~~] EMPLOYEES OF
1-14 CERTAIN POLITICAL SUBDIVISIONS TO PURCHASE CONTINUED HEALTH
1-15 COVERAGE AT RETIREMENT

1-16 SECTION 2. Section 175.001, Local Government Code, is
1-17 amended to read as follows:

1-18 Sec. 175.001. APPLICABILITY. This chapter applies to a
1-19 person who:

1-20 (1) retires from:

1-21 (A) county employment in a county with a
1-22 population of 75,000 or more;

1-23 (B) employment by an appraisal district in a
1-24 county with a population of 75,000 or more; or

1-25 (C) municipal employment in a municipality with a
1-26 population of 25,000 or more; and

1-27 (2) is entitled to receive retirement benefits from a
1-28 county, appraisal district, or municipal retirement plan.

1-29 SECTION 3. Subsections (a) and (b), Section 175.002, Local
1-30 Government Code, are amended to read as follows:

1-31 (a) A person to whom this chapter applies is entitled to
1-32 purchase continued health benefits coverage for the person and the
1-33 person's dependents as provided by this chapter unless the person
1-34 is eligible for group health benefits coverage through another
1-35 employer. The coverage shall be provided under the group health
1-36 insurance plan or group health coverage plan provided by or through
1-37 the employing political subdivision [~~county or municipality~~] to its
1-38 employees.

1-39 (b) To receive continued coverage under this chapter, the
1-40 person must inform the employing political subdivision [~~county or~~
1-41 ~~municipality~~], not later than the day on which the person retires
1-42 from the political subdivision [~~county or municipality~~], that the
1-43 person elects to continue coverage.

1-44 SECTION 4. Sections 175.003 through 175.007, Local
1-45 Government Code, are amended to read as follows:

1-46 Sec. 175.003. LEVEL OF COVERAGE. (a) The person may elect
1-47 to cover the same persons who were covered under the political
1-48 subdivision's [~~county's or municipality's~~] group health insurance
1-49 plan or group health coverage plan through the person at the time
1-50 the person left [~~county or municipal~~] employment with the political
1-51 subdivision, or the person may elect to discontinue coverage for
1-52 one or more persons. A person who was not covered under the plan at
1-53 the time the person to whom this chapter applies left [~~county or~~
1-54 ~~municipal~~] employment with the political subdivision is not
1-55 eligible for coverage under this chapter.

1-56 (b) Except as provided by Subsections (c) and (d), the level
1-57 of coverage provided under this chapter at any given time is the
1-58 same level of coverage provided to current employees of the
1-59 political subdivision [~~county or municipality~~] at that time.

1-60 (c) A political subdivision [~~county or municipality~~] may
1-61 substitute Medicare supplement health benefits coverage as the
1-62 coverage provided for a person who receives health benefits
1-63 coverage under this chapter, including a dependent, after the date
1-64 that the person becomes eligible for federal Medicare benefits.

2-1 (d) The person may elect to continue coverage at a reduced
 2-2 level, if offered by the political subdivision [~~county or~~
 2-3 ~~municipality~~].

2-4 Sec. 175.004. PAYMENT FOR COVERAGE. A person who is
 2-5 entitled to continued coverage under this chapter is entitled to
 2-6 make payments for the coverage at the same time and to the same
 2-7 entity that payments for the coverage are made by current employees
 2-8 of the political subdivision [~~county or municipality~~].

2-9 Sec. 175.005. DUTY TO INFORM RETIREE OF RIGHTS. A political
 2-10 subdivision [~~county and a municipality~~] shall provide written
 2-11 notice to a person to whom this chapter may apply of the person's
 2-12 rights under this chapter not later than the date the person retires
 2-13 from the political subdivision [~~county or municipality~~]. A
 2-14 political subdivision [~~county or municipality~~] may fulfill its
 2-15 requirements under this section by placing the written notice
 2-16 required by this section in a personnel manual or employee handbook
 2-17 that is available to all employees.

2-18 Sec. 175.006. CERTAIN MATTERS NOT AFFECTED. This chapter
 2-19 does not:

2-20 (1) prohibit a political subdivision [~~county or~~
 2-21 ~~municipality~~] from uniformly changing the group health insurance
 2-22 plan or group health coverage plan provided for its employees and
 2-23 retirees;

2-24 (2) affect the definition of a dependent or the
 2-25 eligibility requirements for a dependent under a plan;

2-26 (3) prohibit a political subdivision [~~county or~~
 2-27 ~~municipality~~] from agreeing with a person to deduct the cost of
 2-28 coverage provided under this chapter from a pension check;

2-29 (4) prohibit a political subdivision [~~county or~~
 2-30 ~~municipality~~] from agreeing with a person to pay for the coverage
 2-31 provided under this chapter provided the person reimburses the
 2-32 political subdivision [~~county or municipality~~] for the actual cost
 2-33 of the coverage;

2-34 (5) prohibit a political subdivision [~~county,~~
 2-35 ~~municipality,~~] or a pool established under Chapter 172 from
 2-36 increasing the cost of group health coverage to its employees and to
 2-37 persons covered under this chapter to reflect the increased cost,
 2-38 if any, attributable to compliance with this chapter;

2-39 (6) affect the right of a political subdivision
 2-40 [~~county or municipality~~] to provide coverage under Chapter 172; or

2-41 (7) affect the right of a political subdivision
 2-42 [~~county, municipality,~~] or a pool established under Chapter 172 to
 2-43 offer the coverage at the same rate that is available to active
 2-44 employees or to offer the coverage at a reasonable or actual rate
 2-45 established for retirees that may be greater than the rate offered
 2-46 to active employees.

2-47 Sec. 175.007. EXEMPTIONS. (a) A political subdivision
 2-48 [~~county or municipality~~] that does not provide health benefits
 2-49 coverage through a self-insured plan or a plan authorized under
 2-50 Chapter 172 is not required to provide coverage under this chapter
 2-51 if the political subdivision [~~county or municipality~~] makes a good
 2-52 faith effort to purchase insurance coverage that includes coverage
 2-53 required by this chapter from an insurance company authorized to do
 2-54 business in this state and from pools established under Chapter 172
 2-55 but is unable to find a provider for the coverage.

2-56 (b) A political subdivision [~~county or municipality~~] that
 2-57 is providing coverage substantially similar to or better than the
 2-58 coverage required by this chapter is exempt from this chapter.

2-59 SECTION 5. (a) Chapter 175, Local Government Code, as
 2-60 amended by this Act, applies according to its terms to all eligible
 2-61 persons who leave employment with an appraisal district on or after
 2-62 January 1, 2010.

2-63 (b) An appraisal district that is required by Chapter 175,
 2-64 Local Government Code, as amended by this Act, to provide continued
 2-65 health benefits coverage but that is not allowed to provide the
 2-66 coverage under the terms of the appraisal district's existing group
 2-67 health plan shall ensure that the required continued health
 2-68 benefits coverage is provided for in any new plan that is adopted by
 2-69 the appraisal district on or after January 1, 2010, unless the

3-1 appraisal district is exempted under Section 175.007, Local
3-2 Government Code, as amended by this Act.

3-3 SECTION 6. This Act takes effect immediately if it receives
3-4 a vote of two-thirds of all the members elected to each house, as
3-5 provided by Section 39, Article III, Texas Constitution. If this
3-6 Act does not receive the vote necessary for immediate effect, this
3-7 Act takes effect September 1, 2009.

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