

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 27, 2009

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB654 by Zaffirini (Relating to continued health coverage for employees of certain political subdivisions.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would add to the definition of "political subdivision" under Chapter 172, Local Government Code, to include a county, municipality, special district, school district, junior college district, housing authority, or other political subdivision of any other state. Current statute applies to those listed entities within the State of Texas only. Chapter 172 is the Texas Political Subdivision Employees Uniform Group Benefits Act.

The bill would apply the provisions under Chapter 175, Local Government Code, to employees who retire from employment by an appraisal district in a county with a population of 75,000 or more. Chapter 175 authorizes the purchase of continued health insurance coverage for employees of certain political subdivisions.

Local Government Impact

It is assumed that the change in definition under Chapter 172 could result in political subdivisions of other states seeking to participate through an interlocal agreement or directly through a risk pool in a group health insurance program offered through a Texas political subdivision or risk pool. It is assumed that the addition of political subdivisions from outside the state would not have a fiscal impact on Texas units of local government. Fiscal impact on a group health insurance program administered by or through a Texas political subdivision or on a local risk pool would be covered by payments/contributions from participating political subdivisions in accordance with established terms of participation.

A retiree who chooses to purchase continued health insurance coverage under the proposed changes to Chapter 175 would be responsible for the costs, although the appraisal district may experience administrative costs. No significant fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, SD, DB, JRO