

BILL ANALYSIS

Senate Research Center

S.B. 29
By: Zaffirini
State Affairs
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current health care plans offered by universities cannot be extended to graduate students who are awarded fellowships as they are not technically employees of the universities. Graduate students who are awarded fellowships must pay their own health insurance costs. However, state law allows universities to award teaching or graduate assistants health insurance as they are employees of the universities.

Universities lose possible research funding when a graduate student turns down a fellowship offer for any reason, including health care insurance needs. Fellowships add to the amount of research dollars an institution has at its disposal; in addition, some fellowships provide extra resources to universities with award recipients. Research dollars are crucial to the stature of a graduate institution and can greatly affect its regional and national rankings.

Many graduate students take second jobs, incur additional debt, or become uninsured as they seek to maximize their fellowship money. Many more prefer to seek teaching or graduate assistant employment within the university that have quality health benefits and do not apply, or even choose to decline fellowship funds.

S.B. 29 seeks to improve the number of prestigious academic fellowships sought out and accepted by Texas graduate students by extending university employee health insurance benefits to graduate and post-graduate students who are awarded prestigious fellowships in the same manner as benefits are extended to teaching or graduate assistants. An increase in fellowships would bolster research dollars, increasing the stature of Texas higher education institutions.

S.B. 29 allows students with a single fellowship award of \$10,000 or more each year, students with a combination of fellowship awards equaling \$10,000 or more each year, or individuals awarded a post-doctoral fellowship at a university to be eligible for employee group health insurance.

S.B. 29 amends current law relating to the eligibility of certain postdoctoral fellows and graduate students to participate in health benefit programs at public institutions of higher education.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the governing board of The University of Texas System and The Texas A&M University System is modified in SECTION 4 (Section 1601.107, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 1551, Insurance Code, by adding Section 1551.1022, as follows:

Sec. 1551.1022. PARTICIPATION ELIGIBILITY: CERTAIN POSTDOCTORAL FELLOWS AND GRADUATE STUDENTS. (a) Provides that an individual who is not eligible to participate in the group benefits program under Section 1551.101 (Participation Eligibility: State Officers and Employees) is eligible to participate in the group benefits program under this section if the individual, at an institution of higher

education (IHE) holds a postdoctoral fellowship; or one or more graduate student fellowships awarded to the individual on a competitive basis that, either singly or in combination, are valued at not less than \$10,000 per year; and is currently receiving a stipend from an applicable fellowship.

(b) Requires an individual who is eligible to participate in the group benefits program under this section to pay all contributions required under this chapter for the coverage selected by the individual, except that an IHE is authorized to make contributions for the individual from available funds other than money appropriated to the institution from the general revenue fund.

(c) Requires an IHE to determine which individuals are eligible to participate in the group benefits program under this section and, at the time of initial eligibility, to notify each individual of the individual's eligibility to participate in the program.

(d) Provides that an individual who participates in the group benefits program under this section is not considered an employee of an IHE solely as a result of the individual's participation in the program.

SECTION 2. Amends Section 1551.151, Insurance Code, to entitle an individual who is eligible to participate in the group benefits program under Section 1551.101, 1551.102 (Participation Eligibility: Annuitants) or 1551.1022, to secure for a dependent of the individual any group coverages provided under this chapter, as determined by the board of trustees of the Employees Retirement System of Texas (ERS board) and subject to the exceptions provided by this subchapter.

SECTION 3. Amends Subchapter C, Chapter 1601, Insurance Code, by adding Section 1601.1021, as follows:

Sec. 1601.1021. PARTICIPATION ELIGIBILITY: CERTAIN POSTDOCTORAL FELLOWS AND GRADUATE STUDENTS. (a) Provides that an individual who is not eligible to participate in the uniform program under Section 1601.101 (Participation Eligibility: Employees) is eligible to participate in the uniform program under this section if the individual, at an institution in a system, holds a postdoctoral fellowship; or one or more graduate student fellowships awarded to the individual on a competitive basis that, either singly or in combination, are valued at not less than \$10,000 per year; and is currently receiving a stipend from an applicable fellowship.

(b) Requires an individual who is eligible to participate in the uniform program under this section to pay all contributions required under this chapter for the coverage selected by the individual, except that an IHE may make contributions for the individual from available funds other than money appropriated to the institution from the general revenue fund.

(c) Requires an IHE to determine which individuals are eligible to participate in the uniform program under this section and, at the time of initial eligibility, to notify each individual of the individual's eligibility to participate in the program.

(d) Provides that an individual who participates in the uniform program under this section is not considered an employee of an IHE solely as a result of the individual's participation in the program.

SECTION 4. Amends Section 1601.107, Insurance Code, to entitle an individual who is eligible to participate in the uniform program under Section 1601.101, 1601.102 (Participation Eligibility: Retirees), or 1601.1021, to secure for a dependent of the individual any group coverages provided under this chapter for dependents under rules adopted by the applicable system.

SECTION 5. Repealer, effective January 1, 2012: Section 1601.101(d) (relating to the eligibility to participate in the uniform program), Insurance Code.

SECTION 6. (a) Requires the ERS board to include coverage under Section 1551.1022, Insurance Code, as added by this Act, in an insurance policy or contract or evidence of coverage delivered, issued for delivery, or renewed on or after January 1, 2012. Authorizes the ERS board to include coverage under Section 1551.1022, Insurance Code, as added by this Act, in an insurance policy or contract or an evidence of coverage delivered, issued for delivery, or renewed before January 1, 2012, if the ERS board determines that the coverage may reasonably be included.

(b) Requires the governing board of The University of Texas System or The Texas A&M University System (governing board), as applicable, to include coverage under Section 1601.1021, Insurance Code, as added by this Act, in an insurance policy or contract or evidence of coverage delivered, issued for delivery, or renewed on or after January 1, 2012. Authorizes the governing board to include coverage under Section 1601.1021, Insurance Code, as added by this Act, in an insurance policy or contract or an evidence of coverage delivered, issued for delivery, or renewed before January 1, 2012, if the governing board determines that the coverage may reasonably be included.

SECTION 7. Effective date, except as otherwise provided by this Act: September 1, 2011.