

BILL ANALYSIS

S.B. 29
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Observers contend that graduate students who are awarded fellowships cannot obtain health insurance benefits from a university because such students are not university employees. Many students therefore prefer to seek teaching or graduate assistant employment within the university in order to have quality health benefits and either do not apply for or decline fellowship funds. Observers contend that, when a student turns down a fellowship, the university also loses potential research funding that many consider a significant factor in the university's stature and regional and national ranking.

S.B. 29 seeks to improve the number of academic fellowships sought out and accepted by Texas graduate students, bolster research dollars available to Texas colleges and universities, and add to the stature of such institutions by extending university employee health insurance benefits to graduate and postgraduate students who are awarded prestigious fellowships in the same manner as benefits are extended to teaching or graduate assistants.

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. 29 amends the Insurance Code to make an individual who is not eligible to participate in the group benefits program under the Texas Employees Group Benefits Act eligible to participate in that program if the individual holds either 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 the individual is currently receiving a stipend from an applicable fellowship. The bill requires an individual who is eligible to participate in the group benefits program under the bill's provisions to pay all contributions required under the act for the coverage selected by the individual and authorizes an institution of higher education to make contributions for the individual from available funds other than money appropriated to the institution from the general revenue fund.

S.B. 29 requires an institution of higher education to determine which individuals are eligible to participate in the group benefits program under the bill's provisions and to notify each individual of the individual's eligibility to participate in the program at the time of initial eligibility. The bill establishes that an individual who participates in the group benefits program under the bill's provisions is not considered an employee of an institution of higher education solely as a result of the individual's participation in the program.

S.B. 29 establishes similar provisions for a postdoctoral fellow or graduate student at a component institution of The University of Texas System or of The Texas A&M University System, making such an individual who is not otherwise eligible to participate in the uniform program under the State University Employees Uniform Insurance Benefits Act eligible to

participate in that program under the same terms and conditions as a postdoctoral fellow or graduate student at an institution of higher education other than a component institution of The University of Texas System or of The Texas A&M University System is eligible to participate in the group benefits program under the Texas Employees Group Benefits Act.

S.B. 29 requires an institution of higher education to determine which individuals are eligible to participate in the uniform program under the bill's provisions and to notify each individual of the individual's eligibility to participate in the program at the time of initial eligibility. The bill establishes that an individual who participates in the uniform program under the bill's provisions is not considered an employee of an institution of higher education solely as a result of the individual's participation in the program.

S.B. 29 requires the Employees Retirement System of Texas board of trustees to include group benefits program coverage under the Texas Employees Group Benefits Act for an individual who is eligible under the bill's provisions in an insurance policy or contract or evidence of coverage delivered, issued for delivery, or renewed on or after January 1, 2012, and authorizes the board to include such coverage in an insurance policy or contract or an evidence of coverage delivered, issued for delivery, or renewed before that date if the board determines that the coverage may reasonably be included. The bill requires the governing board of The University of Texas System or The Texas A&M University System, as applicable, to include uniform program coverage under the State University Employees Uniform Insurance Benefits Act for an individual who is eligible under the bill's provisions in an insurance policy or contract or evidence of coverage delivered, issued for delivery, or renewed on or after January 1, 2012, and authorizes such a governing board to include such coverage in an insurance policy or contract or an evidence of coverage delivered, issued for delivery, or renewed before that date if the governing board determines that the coverage may reasonably be included.

S.B. 29 entitles an individual who is eligible to participate in the group benefits program or in the uniform program, as applicable, to secure any available group coverages for a dependent, subject to the exceptions provided by the applicable statutes.

S.B. 29 repeals Section 1601.101(d), Insurance Code, relating to the eligibility of an individual to participate in certain university system health benefit programs if the individual is serving a postdoctoral fellowship with an institution in certain university systems.

EFFECTIVE DATE

Except as otherwise provided by the bill's provisions, September 1, 2011.