

By: Kuempel

H.B. No. 3897

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the administration of and benefits payable by the
3 Teacher Retirement System of Texas.

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

5 SECTION 1. SECTION 821.001(6), Government Code, is amended
6 to read as follows:

7 (6) "Employee" means a person who is employed, as
8 determined by the retirement system, on other than a temporary
9 basis by ~~an~~ one employer for at least one-half time at a regular
10 rate of pay comparable to that of other persons employed in similar
11 positions.

12 SECTION 2. Section 822.001, Government Code, is amended by
13 adding Subsection (g) to read as follows:

14 (g) Eligibility for membership in the retirement system
15 must be established through employment with a single employer.

16 SECTION 3. Section 822.201(b)(11), Government Code, is
17 amended to read as follows:

18 (11) to the extent required by Sections 3401(h) and
19 414(u)(12~~[2]~~), Internal Revenue Code of 1986, differential wage
20 payments received by an individual from an employer on or after
21 January 1, 2009, while the individual is performing qualified
22 military service as defined by Section 414(u), Internal Revenue
23 Code of 1986.

24 SECTION 4. Section 823.006, Government Code, is amended to

1 read as follows:

2 Notwithstanding any other provision of this subtitle, the
3 retirement system shall [~~may~~] limit the purchase of service credit
4 to the extent required by applicable limits on the amount of annual
5 contributions a participant may make to a qualified plan under
6 Sections 401(a) and 415(c), Internal Revenue Code of 1986.

7 SECTION 5. Section 823.401, Government Code, is amended by
8 amending Subsection (f) to read as follows:

9 (f) The amount of service credit a member may establish
10 under this section may not exceed the lesser of the number of years
11 of membership service credit the member has in the retirement
12 system for actual service in public schools or 15 years; provided,
13 however, that if any service credit established by a member under
14 this section is considered nonqualified service credit, the amount
15 of nonqualified service credit a member may establish may not
16 exceed 5 years.

17 SECTION 6. Section 824.1012, Government Code, is amended by
18 amending Subsection (a) to read as follows:

19 (a) As an exception to Section 824.101(c), a retiree who
20 selected an optional service retirement annuity under Section
21 824.204(c)(1), (c)(2), or (c)(5) or an optional disability
22 retirement annuity under Section 824.308(c)(1), (c)(2), or (c)(5)
23 and who has received at least one payment under the plan selected
24 may change the optional annuity selection made by the retiree to a
25 standard service or disability retirement annuity as provided for
26 in this section. If the beneficiary of the optional annuity was [~~is~~]
27 the spouse [~~or former spouse~~] of the retiree[~~r~~] when the retiree

1 designated the spouse as beneficiary of the optional annuity, to
2 change from the optional annuity to a standard retirement annuity,
3 the spouse or former spouse who was designated the beneficiary of
4 the optional annuity must sign a notarized consent to the change, or
5 a court with jurisdiction over the marriage of [~~a divorce~~
6 ~~proceeding involving~~] the retiree and beneficiary must approve or
7 order the change [~~in the divorce decree or acceptance of a property~~
8 ~~settlement~~]. The change in plan selection takes effect when the
9 retirement system receives the request to change retirement
10 plan, [it] provided the signed consent form or court order are
11 subsequently received.

12 SECTION 7. Section 824.1013, Government Code, is amended by
13 amending Subsections (b) and (c-1) to read as follows:

14 (b) If the beneficiary designated at the time of the
15 retiree's retirement is the spouse of the retiree at the time of the
16 designation:

17 (1) the spouse must give written, notarized consent to
18 the change;

19 (2) if the parties divorce after the designation, the
20 former spouse who was designated beneficiary must give written,
21 notarized consent to the change; or

22 (3) a court with jurisdiction over the marriage must
23 approve or [have] order[ed] the change.

24 (c) A beneficiary designated under this section is entitled
25 on the retiree's death to receive monthly payments of the survivor's
26 portion of the retiree's optional retirement annuity for the
27 shorter of:

1 (1) the remainder of the life expectancy of the
2 beneficiary designated as of the effective date of the retiree's
3 retirement; or

4 (2) the remainder of the new beneficiary's life.

5 (c-1) Notwithstanding Subsection (c), a beneficiary
6 designated under this section is entitled on the retiree's death to
7 receive monthly payments of the survivor's portion of the retiree's
8 optional retirement annuity for the remainder of the beneficiary's
9 life if the beneficiary designated at the time of the retiree's
10 retirement is a trust and the beneficiary designated under this
11 section is the sole beneficiary of that trust or the beneficiary
12 designated at the time of the retiree's retirement was an
13 individual who is the sole beneficiary of a trust that is designated
14 under this section to receive the survivor's portion of the
15 retiree's optional retirement annuity.

16 SECTION 8. Section 825.004, Government Code, is amended by
17 adding Subsection (c) to read as follows:

18 (a) Members of the board of trustees hold office for terms
19 of six years.

20 (b) A vacancy in the office of a trustee shall be filled for
21 the unexpired term in the same manner that the office was previously
22 filled.

23 (c) A trustee appointed under Section 825.002(c) or (e) who
24 at the time of appointment to a position on the board of trustees is
25 currently employed by a public school district, a charter school,
26 regional education service center or an institution of higher
27 education is not disqualified from filling the remaining term of

1 office based solely on the trustee's subsequent retirement and
2 receipt of benefits from the retirement system provided there is at
3 least one trustee on the board that is an active, contributing
4 member of TRS.

5 SECTION 9. Section 825.115, Government Code, is amended by
6 adding Subsection (f) to read as follows:

7 (f) Notwithstanding any other law, Chapter 551 does not
8 apply to an assembly of the board of trustees or one of its
9 committees at a summit, conference, convention, workshop, or other
10 event held for educational purposes and not for the purpose of
11 deliberating, voting, or taking action on a specific matter of
12 public business or public policy over which the board of trustees or
13 a committee of the board has supervision or control. This
14 subsection does not apply to a regular, special or emergency
15 meeting of the board of trustees scheduled or called pursuant to the
16 board's bylaws.

17 SECTION 10. Section 825.208(b), Government Code, is amended
18 to read as follows:

19 (b) The retirement system is exempt from Sections 651.002
20 and 651.004; Chapter 660; Subchapter A, Chapter 661; and Subchapter
21 K, Chapter 659, to the extent the board of trustees determines an
22 exemption is necessary for the performance of fiduciary duties.

23 SECTION 11. Section 825.212, Government Code, is amended by
24 adding Subsection (d) to read as follows:

25 (d) Notwithstanding any other law, all personal financial
26 disclosures made by employees of the retirement system under this
27 section or a rule or policy adopted under this section are

1 confidential and excepted from the requirements of Section 552.021.

2 SECTION 12. Section 825.3011(b), Government Code, is
3 amended to read as follows: (b) Chapter 551 does not require the
4 board of trustees to confer with one or more employees,
5 consultants, or legal counsel of the retirement system or with a
6 third party, including representatives of an issuer of restricted
7 securities or a private investment fund, in an open meeting if the
8 only purpose of the conference is to receive information from or
9 question the employees, consultants, or legal counsel of the
10 retirement system or the third party relating to:

11 (1) ~~[an]~~ investment transactions or ~~[a]~~ potential
12 investment transactions ~~[by the board of trustees in a private~~
13 ~~investment fund]~~; if, before conducting the closed meeting, a
14 majority of the trustees in an open meeting vote that deliberating
15 or conferring in an open meeting would have a detrimental effect on
16 the position of the retirement system in negotiations with third
17 parties or put the retirement system at a competitive disadvantage
18 in the market; or

19 (2) the purchase, holding, or disposal of restricted
20 securities or a private investment fund's investment in restricted
21 securities if, under Section 552.143, the information discussed
22 would be confidential and excepted from the requirements of Section
23 552.021 if the information was included in the records of a
24 governmental body.

25 SECTION 13. Section 825.306, Government Code, is amended to
26 read as follows:

27 The assets of the retirement system shall be maintained and

1 reported in a manner that reflects the source of the funds or the
2 purpose for which the funds are held and in accordance with
3 Governmental Accounting Standards Board guidance or its successor
4 in determining governmental generally accepted accounting
5 principles. Financial accounting and the appropriate sub-ledgers
6 necessary to support reporting based on generally accepted
7 accounting principles, comply with relevant tax laws and fulfill
8 the fiduciary responsibilities of the trust shall be utilized. In
9 the alternative, the assets may be credited, according to the
10 purpose for which they are held, to one of the following accounts:

- 11 (1) member savings account;
- 12 (2) state contribution account;
- 13 (3) retired reserve account;
- 14 (4) interest account;
- 15 (5) expense account; or
- 16 (6) deferred retirement option account.

17 Other laws notwithstanding, a requirement to deposit in or transfer
18 money or assets from one of the accounts identified in this section
19 shall be satisfied by maintaining and reporting the assets in
20 accordance with this section.

21 SECTION 14. Section 825.403(h), Government Code, is amended
22 to read as follows:

23 (h) If deductions were previously required but not paid, the
24 retirement system may not provide benefits based on the service or
25 compensation unless the deposits required by this section have been
26 fully paid. If due to an error, an employer does not report all
27 service rendered and/or compensation paid as required in this

1 section and the error regards service rendered and/or compensation
2 paid in the current school year, the error may be corrected by
3 submitting a corrected report and the contributions on the
4 unreported service or compensation as directed by the retirement
5 system and any interest due under Section 825.408 from the month the
6 service or compensation should have been reported to the retirement
7 system until the month it is paid. If due to an error, an employer
8 does not report all service rendered and/or compensation paid as
9 required in this section and the error regards service rendered
10 and/or compensation paid in the immediately preceding school year,
11 the error may be corrected if the following requirements are met:

12 (1) the person for whom contributions were due is
13 currently employed by the employer and compensation for the current
14 year remains due to the employee;

15 (2) the employer requests a waiver of the reporting
16 requirements under Section 825.408 (a), Government Code and the
17 request is granted by the retirement system;

18 (3) the employer submits member contributions on the
19 unreported amounts pursuant to Section 825.409, Government Code,
20 from any remaining compensation due and any employer contributions
21 due on the compensation are paid by the employer;

22 (4) the employer pays the interest required by Section
23 825.408, Government Code and corrects the records for the report
24 months in which the compensation was paid as directed by the
25 retirement system; and

26 (5) the error is corrected by the end of the school
27 year following the school year in which the service was rendered

1 and/or the compensation was paid. Upon receipt of the member and
2 employer contributions and the corrected report(s), the service
3 credit and/or compensation credit will be credited to the member.
4 In no event may service or compensation credit be established in
5 this manner for service rendered or compensation received in a
6 school year prior to the immediately preceding school year. If the
7 service was rendered or the compensation paid in a school year prior
8 to the immediately preceding school year, the person's employer at
9 the time the unreported service was rendered or compensation was
10 paid must verify the service or compensation as required by
11 Subsection (j) and the person must submit the verification to the
12 retirement system not later than five years after the end of the
13 school year in which the service was rendered or compensation was
14 paid. To establish the service or compensation credit, the person
15 must deposit with the retirement system the member contributions
16 that were due on the compensation plus two percent per year from the
17 year in which the service was rendered or the compensation was paid
18 and the employer must pay the actuarial present value, at the time
19 of deposit, of the additional standard retirement annuity benefits
20 that would be attributable to the purchase of service or
21 compensation credit under this section, based on rates and tables
22 recommended by the retirement system's actuary and adopted by the
23 board of trustees less the member contributions and interest paid
24 by the member under this subsection. The board of trustees shall:

25 (1) prescribe terms for payments under this
26 subsection; and

27 (2) credit the person for prior service to which the

1 person is entitled under this subtitle.

2 SECTION 15. Section 825.408, Government Code, is amended by
3 amending Subsection (a) and adding Subsection (c) to read as
4 follows:

5 (a) Except as provided in Subsection (c) of this section,
6 a[A]n employer that fails to remit, before the seventh day after the
7 last day of a month, all member and employer deposits and
8 documentation of the deposits required by this subchapter to be
9 remitted by the employer for the month shall pay to the retirement
10 system, in addition to the deposits, interest on the unpaid [~~or~~
11 ~~undocumented~~] amounts at an annual rate [~~compounded monthly~~]and
12 shall pay a late fee for each day after the date required in this
13 subsection that the documentation of the deposits is not filed. The
14 rate of interest is the rate established under Section 825.313
15 (b)(1), plus two percent. Interest required under this section is
16 creditable to the interest account. The late fee for the unfiled
17 documentation is an amount set by the retirement system. On
18 request, the retirement system may grant a waiver of the deadline
19 imposed by this subsection based on an employer's financial or
20 technological resources.

21 (c) An employer that fails to report all service or
22 compensation as required in Section 825.403 and fails or is unable
23 to correct the error in the school year the service was rendered or
24 the compensation was paid or in the school year immediately
25 following the school year in which the service was rendered or the
26 compensation was paid must verify the service at the request of the
27 member as required in Section 825.403 and upon receipt by the

1 retirement system of the required amounts from the member, must
2 submit the actuarial present value, at the time of deposit, of the
3 additional standard retirement annuity benefits that would be
4 attributable to the purchase of service or compensation credit, as
5 determined by the retirement system less the member contributions
6 and interest paid by the member.

7 SECTION 16. Section 825.4092(c), Government Code, is
8 amended to read as follows:

9 (c) Except as provided by Subsection (e), each payroll
10 period, for each retiree who is enrolled in the Texas Public School
11 Employees Group Insurance Program under Chapter 1575, Insurance
12 Code, the employer who reports the employment of a retiree shall
13 contribute to the trust fund established under that chapter an
14 amount established by the retirement system. In determining the
15 amount to be contributed by the employer under this subsection, the
16 retirement system shall consider ~~[any difference between]~~ the
17 amount a ~~[the]~~ retiree is required to pay for the retiree and any
18 enrolled dependents to participate in the group program and the
19 ~~[full]~~ cost of all ~~[the retiree's]~~ retirees' and enrolled dependents'
20 participation in the group program~~[, as determined by the~~
21 ~~retirement system]~~. If more than one employer reports the retiree
22 to the retirement system during a month, the amount of the required
23 payment shall be prorated among the employers.

24 SECTION 17. Section 825.410(a), Government Code, is amended
25 to read as follows:

26 (a) Payments to establish special service credit as
27 authorized under this subtitle, other than service credit that may

1 only be determined and paid for at the time of retirement such as
2 unused leave as authorized by Section 823.403, may be made in a lump
3 sum by a monthly payroll deduction in an amount not less than
4 one-twelfth of the contribution required to establish at least one
5 year of service credit, or in equal monthly installments over a
6 period not to exceed the lesser of the number of years of credit to
7 be purchased or 60 months. Installment and payroll deduction
8 payments are due on the first day of each calendar month in the
9 payment period. If an installment or payroll deduction payment is
10 not made in full within 60 days after the due date, the retirement
11 system may refund all installment or payroll deduction payments
12 less fees paid on the lump sum due when installment or payroll
13 deduction payments began. Partial payment of an installment or
14 payroll deduction payment may be treated as nonpayment. A check
15 returned for insufficient funds or a closed account shall be
16 treated as nonpayment. When two or more consecutive monthly
17 payments have a returned check, a refund may be made. [~~If the~~
18 ~~retirement system refunds payments pursuant to this subsection, the~~
19 ~~member is not permitted to use the installment method of payment or~~
20 ~~the payroll deduction method, as applicable, for the same service~~
21 ~~for three years after the date of the refund. A member who requests~~
22 ~~and receives a refund of installment or payroll deduction payments~~
23 ~~also is not permitted to use the same method of payment for the same~~
24 ~~service for three years after the date of the refund.]~~

25 SECTION 18. Section 825.505, Government Code, is amended to
26 read as follows:

27 For the purpose of determining the propriety of employer

1 reports, including demographic data and contributions or credits,
2 the records of an employer concerning the employment and
3 compensation of all its personnel are subject to audit and
4 examination, in the offices of the employer during regular working
5 hours, by representatives of the retirement system designated to
6 conduct the audit and examination.

7 SECTION 19. Section 825.508(b) Government Code, is amended
8 to read as follows:

9 (b) The system must honor a power of attorney executed in
10 accordance with Chapter 752, Section 752.051, Estates Code [~~Chapter~~
11 ~~XII, Section 490, Texas Probate Code~~].

12 SECTION 20. Section 825.509(b-1)(3), Government Code, is
13 amended to read as follows:

14 (b-1) Notwithstanding Subsection (b)(3), with respect to a
15 distribution made on or after January 1, 2002, an otherwise
16 eligible portion of a rollover distribution that consists of
17 after-tax employee contributions not includable in gross income is
18 an eligible rollover distribution for purposes of this section. The
19 eligible portion may be transferred only:

20 (3) for distributions occurring on or after January 1,
21 2007, to a qualified plan described by Section 401(a), Internal
22 Revenue Code of 1986 provided the plan agrees to separately account
23 for amounts transferred and earnings on amounts transferred,
24 including for the portion of the distribution that is includable in
25 gross income and the portion of the distribution that is not
26 includable in gross income; or

27 SECTION 21. Section 825.515(a), Government Code, is amended

1 to read as follows:

2 (a) At least annually, the retirement system shall acquire
3 and maintain records identifying members and specifying the types
4 of positions they hold as members. Employers shall provide to the
5 retirement system information specifying the type of position held
6 by each member as Administrative/Professional, Teacher/Full-Time
7 Librarian, Support, Bus Driver, Food Service Worker, or Peace
8 Officer. Employers shall also provide to the retirement system the
9 work e-mail address for each member. For each member identified as a
10 Peace Officer, the records must specify whether the member is an
11 employee of an institution of higher education or of a public school
12 that is not an institution of higher education. An employer shall
13 provide the information required by this section in the form and
14 manner specified by the retirement system.

15 SECTION 22. Section 830.201(h), Government Code, is amended
16 to read as follows:

17 (h) Before November 2 of each even-numbered year, the Texas
18 Higher Education Coordinating Board~~[board of trustees]~~, in
19 coordination with the Legislative Budget Board, shall certify to
20 the comptroller for review and adoption an estimate of the amount
21 necessary to pay the state's contributions to the retirement system
22 for the following biennium. For qualifying employees under
23 Subsection (g)(1), the Texas Higher Education Coordinating
24 Board~~[board of trustees]~~ shall include only the amount payable by
25 the state under Subsection (g)(1) in determining the amount to be
26 certified.

27 SECTION 23. Section 22.004(b) and (d), Education Code, are

1 amended to read as follows:

2 (b) A district that does not participate in the program
3 described by Subsection (a) shall make available to its employees
4 group health coverage provided by a risk pool established by one or
5 more school districts under Chapter 172, Local Government Code, or
6 under a policy of insurance or group contract issued by an insurer,
7 a company subject to Chapter 842, Insurance Code, or a health
8 maintenance organization under Chapter 843, Insurance Code. The
9 coverage must meet the substantive coverage requirements of Chapter
10 1251, Subchapter A, Chapter 1364, and Subchapter A, Chapter 1366,
11 Insurance Code, and any other law applicable to group health
12 insurance policies or contracts issued in this state. The coverage
13 must include major medical treatment but may exclude experimental
14 procedures. In this subsection, "major medical treatment" means a
15 medical, surgical, or diagnostic procedure for illness or injury.
16 The coverage may include managed care or preventive care and must be
17 comparable to the basic health coverage provided under Chapter
18 1551, Insurance Code. ~~[The board of trustees of the Teacher~~
19 ~~Retirement System of Texas shall adopt rules to determine whether a~~
20 ~~school district's group health coverage is comparable to the basic~~
21 ~~health coverage specified by this subsection. The rules must~~
22 ~~provide for consideration of the following factors concerning the~~
23 ~~district's coverage]~~ The following factors shall be considered in
24 determining whether ~~[the]~~a school district's coverage is
25 comparable to the basic health coverage specified by this
26 subsection:

27 (1) the deductible amount for service provided inside

1 and outside of the network;

2 (2) the coinsurance percentages for service provided
3 inside and outside of the network;

4 (3) the maximum amount of coinsurance payments a
5 covered person is required to pay;

6 (4) the amount of the copayment for an office visit;

7 (5) the schedule of benefits and the scope of
8 coverage;

9 (6) the lifetime maximum benefit amount; and

10 (7) verification that the coverage is issued by a
11 provider licensed to do business in this state by the Texas
12 Department of Insurance or is provided by a risk pool authorized
13 under Chapter 172, Local Government Code, or that a district is
14 capable of covering the assumed liabilities in the case of coverage
15 provided through district self-insurance.

16 (d) ~~[Each district shall report the district's compliance~~
17 ~~with this section to the executive director of the Teacher~~
18 ~~Retirement System of Texas not later than March 1 of each~~
19 ~~even-numbered year in the manner required by the board of trustees~~
20 ~~of the Teacher Retirement System of Texas.] [For a]Each~~ district

21 that does not participate in the program described by Subsection
22 (a) [7] shall prepare a report addressing the district's compliance
23 with this section. The~~[the]~~ report must be available for review,
24 together with the policy or contract for the group health coverage
25 plan, at the central administrative office of each campus in the
26 district and be posted on the district's Internet website if the
27 district maintains a website, must be based on the district group

1 health coverage plan in effect during the current plan year, and
2 must include:

3 (1) appropriate documentation of:

4 (A) the district's contract for group health
5 coverage with a provider licensed to do business in this state by
6 the Texas Department of Insurance or a risk pool authorized under
7 Chapter 172, Local Government Code; or

8 (B) a resolution of the board of trustees of the
9 district authorizing a self-insurance plan for district employees
10 and of the district's review of district ability to cover the
11 liability assumed;

12 (2) the schedule of benefits;

13 (3) the premium rate sheet, including the amount paid
14 by the district and employee;

15 (4) the number of employees covered by the health
16 coverage plan offered by the district; and

17 (5) information concerning the ease of completing the
18 report[, ~~as required by the executive director of the Teacher
19 Retirement System of Texas, and~~

20 ~~(6) any other information considered appropriate by
21 the executive director of the Teacher Retirement System of Texas].~~

22 SECTION 24. The heading to Chapter 1575, Insurance Code, is
23 amended to read as follows:

24 CHAPTER 1575. TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP BENEFITS
25 PROGRAM

26 SECTION 25. Section 1575.002, Insurance Code, is amended to
27 read as follows:

1 Sec. 1575.002. GENERAL DEFINITIONS. In this chapter:

2 (1) "Active employee" means a contributing member of
3 the Teacher Retirement System of Texas who:

4 (A) is employed by a public school; and

5 (B) is not entitled to coverage under a plan
6 provided under Chapter 1551 or 1601.

7 (2) "Carrier" means an insurance company or hospital
8 service corporation authorized by the department under this code or
9 another insurance law of this state to provide any of the insurance
10 coverages, benefits, or services provided by this chapter.

11 (3) "Fund" means the retired school employees group
12 insurance fund.

13 (4) "Group program" means the Texas Public School
14 Retired Employees Group Benefits [~~Insurance~~] Program authorized by
15 this chapter.

16 SECTION 26. Section [1575.204\(b\)](#), Insurance Code is amended
17 to read as follows:

18 (b) Each state fiscal year, each employer who reports to the
19 retirement system under Section [824.6022](#), Government Code, the
20 employment of a retiree who is enrolled in the group program shall
21 contribute to the fund an amount established by the trustee. In
22 determining the amount to be contributed by the employer under this
23 subsection, the trustee shall consider [~~the difference, if any,~~
24 ~~between~~]the [~~contribution~~]amount [~~that the reported~~]a retiree is
25 required to pay for the retiree and any enrolled dependents to
26 participate in the group program and the [~~full~~]cost of all [~~the~~
27 ~~retiree's~~]retirees' and enrolled dependents' participation in the

1 group program[~~, as determined by the trustee~~]. If more than one
2 employer reports the retiree to the retirement system during a
3 month, the amount of the required payment shall be prorated among
4 the employers. The amounts required to be paid under this
5 subsection are not required to be paid by a reporting employer for a
6 retiree who retired from the retirement system before September 1,
7 2005.

8 SECTION 27. Section 1575.207(a) and (b), Insurance Code are
9 amended to read as follows:

10 (a) An employing public school that does not remit to the
11 trustee all contributions required by this subchapter before the
12 seventh day after the last day of the month shall pay to the fund:

- 13 (1) the contributions; and
14 (2) interest on the unpaid amounts at the annual rate
15 of six percent [~~compounded monthly~~].

16 (b) [~~On request, t~~]The trustee may grant a waiver of the
17 deadline imposed by this section [~~based on an employing public~~
18 ~~school's financial or technological resources~~].

19 SECTION 28. Subchapter A, Chapter 1579, Insurance Code, is
20 amended by adding Section 1579.0031 to read as follows:

21 Sec. 1579.0031. DEFINITION OF RETIREE. In this chapter,
22 "retiree" means an individual who is enrolled in a plan provided by
23 Chapter 1575, becomes employed by a participating entity, becomes
24 eligible for health benefit coverage offered under this chapter,
25 and, as a consequence of this employment and eligibility, has his or
26 her coverage suspended under a plan provided by Chapter 1575.

27 SECTION 29. The heading to Subchapter E, Chapter 1579,

1 Insurance Code, is amended to read as follows:

2 SUBCHAPTER E. PARTICIPATION BY EMPLOYEES AND RETIREES

3 SECTION 30. Section 1579.201, Insurance Code, is amended to
4 read as follows:

5 Sec. 1579.201. DEFINITION. In this subchapter, "full-time
6 employee," ~~[and]~~ "part-time employee," "full-time retiree" and
7 "part-time retiree" have the meanings assigned by rules adopted by
8 the trustee.

9 SECTION 31. Section 1579.202, Insurance Code, is amended to
10 read as follows:

11 Sec. 1579.202. ELIGIBLE EMPLOYEES AND RETIREES. (a) Except
12 as provided by Section 1579.204, participation in the program is
13 limited to employees of participating entities who are full-time
14 employees and who are ~~to~~ part-time employees, and is limited to
15 retirees of participating entities who are ~~[participating members~~
16 ~~in the Teacher Retirement System of Texas]~~ full-time retirees and
17 who are part-time retirees.

18 (b) An employee or retiree described by Subsection (a) who
19 applies for coverage during an open enrollment period prescribed by
20 the trustee is automatically covered by the catastrophic care
21 coverage plan unless the employee or retiree:

- 22 (1) specifically waives coverage under this chapter;
23 (2) selects a higher tier coverage plan; or
24 (3) is expelled from the program.

25 SECTION 32. Section 1579.203, Insurance Code, is amended by
26 amending Subsections (a), (b), and (c) to read as follows:

27 (a) A participating employee or retiree may select coverage

1 in any coverage plan offered by the trustee.

2 (b) The employee or retiree is not required to continue
3 participation in the coverage plan initially selected and may
4 select a higher or lower tier coverage plan than the plan initially
5 selected by the employee or retiree in the manner provided by rules
6 adopted by the trustee.

7 (c) If the combined contributions received from the state
8 and the employing participating entity under Subchapter F exceed
9 the cost of a coverage plan selected by the employee or retiree, the
10 employee or retiree may use the excess amount of contributions to
11 obtain coverage under a higher tier coverage plan or to pay all or
12 part of the cost of coverage for the employee's or retiree's
13 dependents.

14 SECTION 33. Section 1579.204, Insurance Code, is amended to
15 read as follows:

16 Sec. 1579.204. [~~CERTAIN~~] PART-TIME EMPLOYEES AND PART-TIME
17 RETIREEES. Notwithstanding any other section of this chapter, a [A]
18 part-time employee of a participating entity and a part-time
19 retiree employed by a participating entity are [who is not a
20 participating member in the Teacher Retirement System of Texas is]
21 eligible to participate in the program only if the part-time
22 employee or the part-time retiree pays all of the premiums and other
23 costs associated with the health coverage plan selected for [by]
24 the employee and the employee's dependents or selected for the
25 retiree and the retiree's dependents.

26 SECTION 34. Section 1579.205, Insurance Code, is amended to
27 read as follows:

1 Sec. 1579.205. PAYMENT BY PARTICIPATING ENTITY.
2 Notwithstanding Section 1579.204, a participating entity may pay
3 any portion of what otherwise would be the full-time employee,
4 part-time employee, full-time retiree or part-time retiree share of
5 premiums and other costs associated with the coverage selected by
6 the employee or retiree.

7 SECTION 35. Section 1579.251, Insurance Code, is amended to
8 read as follows:

9 Sec. 1579.251. STATE ASSISTANCE. (a) The state shall
10 assist employees and retirees of participating school districts and
11 charter schools in the purchase of group health coverage under this
12 chapter by providing for each covered employee and retiree the
13 amount of \$900 each state fiscal year or a greater amount as
14 provided by the General Appropriations Act. The state contribution
15 shall be distributed through the school finance formulas under
16 Chapters 41 and 42, Education Code, and used by school districts and
17 charter schools as provided by Section 42.260, Education Code.

18 (b) The state shall assist employees and retirees of
19 participating regional education service centers and educational
20 districts described by Section 1579.002(5)(B) in the purchase of
21 group health coverage under this chapter by providing to the
22 employing service center or educational district, for each covered
23 employee and retiree, the amount of \$900 each state fiscal year or a
24 greater amount as provided by the General Appropriations Act.

25 SECTION 36. Section 1579.255(a), Insurance Code is amended
26 to read as follows:

27 (a) A participating entity that does not remit to the

1 trustee all contributions required by this subchapter before the
2 sixteenth [~~seventh~~]day [~~after the last day~~]of the month shall pay
3 to the Texas school employees uniform group coverage trust fund:

4 (1) the contributions; and

5 (2) interest on the unpaid amounts at the annual rate
6 of six percent [~~compounded monthly~~].

7 (b) [~~On request, if~~]The trustee may grant a waiver of the
8 deadline imposed by this section [~~based on a participating entity's~~
9 ~~financial or technological resources~~].

10 SECTION 37. Section [1579.106\(c\)](#), Insurance Code, is
11 repealed.

12 SECTION 38. This Act takes effect September 1, 2015.