

By: Huffman

S.B. No. 1940

A BILL TO BE ENTITLED

1 AN ACT
2 relating to contributions to, benefits from, and the administration
3 of systems and programs administered by Teacher Retirement System
4 of Texas.

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

6 SECTION 1. Section 825.306, Government Code, is amended to
7 read as follows:

8 Sec. 825.306. CREDITING SYSTEM ASSETS. (a) The assets of
9 the retirement system shall be maintained and reported in a manner
10 that reflects the source of the funds or the purpose for which the
11 funds are held and in accordance with Governmental Accounting
12 Standards Board guidance or its successor in determining
13 governmental generally accepted accounting principles. Financial
14 accounting and the appropriate sub-ledgers necessary to support
15 reporting based on generally accepted accounting principles,
16 comply with relevant tax laws and fulfill the fiduciary
17 responsibilities of the trust shall be utilized. In the
18 alternative, the assets may be credited, according to the purpose
19 for which they are held, to one of the following accounts:

- 20 (1) member savings account;
21 (2) state contribution account;
22 (3) retired reserve account;
23 (4) interest account;
24 (5) expense account; or

1 (6) deferred retirement option account.

2 (b) Notwithstanding any other law, a requirement to deposit
3 in or transfer money or assets, including contributions, from one
4 of the accounts identified in this section shall be satisfied by
5 maintaining and reporting the assets in accordance with this
6 section.

7 SECTION 2. Section 825.509(b-1), Government Code, is
8 amended to read as follows:

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

15 (1) to an individual retirement account or annuity
16 described by Section 408(a) or (b), Internal Revenue Code of 1986;

17 (2) to a qualified plan described by Section 403(a),
18 Internal Revenue Code of 1986;

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

26 (4) to an annuity contract described by Section
27 403(b), Internal Revenue Code of 1986, that agrees to separately

1 account for amounts transferred and earnings on amounts
2 transferred, including for the portion of the distribution that is
3 includable in gross income and the portion of the distribution that
4 is not includable in gross income.

5 SECTION 3. The heading to Chapter 1575, Insurance Code, is
6 amended to read as follows:

7 CHAPTER 1575. TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP
8 BENEFITS PROGRAM

9 SECTION 4. Section 1575.002(4), Insurance Code, is amended
10 to read as follows:

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

14 SECTION 5. Subchapter D, Chapter 1575, Insurance Code, is
15 amended by adding Sections 1575.165 and 1575.166 to read as
16 follows:

17 Sec. 1575.165. BASIC PLAN ENROLLMENT; PURCHASE OF MEDICARE
18 PART B. Notwithstanding any other law, under rules adopted by the
19 trustee:

20 (1) a retiree who has taken a service retirement under
21 the Teacher Retirement System of Texas on or after September 1,
22 2015, shall be enrolled in the basic plan unless the retiree
23 purchases Medicare Part B when the retiree is first eligible to
24 purchase Medicare Part B; and

25 (2) any dependent of the retiree shall be enrolled in
26 the basic plan unless the dependent purchases Medicare Part B when
27 the dependent is first eligible to purchase Medicare Part B.

1 Sec. 1575.166. PLAN FOR NON-MEDICARE ENROLLEES. (a) The
2 trustee shall establish a plan that includes elements of
3 consumerism and includes preferred networks.

4 (b) Notwithstanding any other law and subject to the
5 eligibility requirements found in this chapter, a service retiree
6 who is not enrolled in a Medicare plan offered under the group
7 program may enroll only in either the basic plan or the plan
8 described Subsection (a).

9 SECTION 6. Subchapter A, Chapter 1579, Insurance Code, is
10 amended by adding Section 1579.0031 to read as follows:

11 Sec. 1579.0031. DEFINITION OF RETIREE. In this chapter,
12 "retiree" means an individual who is enrolled in a plan provided by
13 Chapter 1575, becomes employed by a participating entity, becomes
14 eligible for health benefit coverage offered under this chapter,
15 and, as a consequence of this employment and eligibility, has his or
16 her coverage suspended under a plan provided by Chapter 1575.

17 SECTION 7. Subchapter D, Chapter 1579, Insurance Code, is
18 amended by adding Section 1579.155 to read as follows:

19 Sec. 1579.155. REPORTING. Each participating entity shall
20 annually report to the trustee, under rules adopted by the trustee,
21 the monthly amount the entity contributes toward the payment of
22 health coverage under this chapter.

23 SECTION 8. The heading to Subchapter E, Chapter 1579,
24 Insurance Code, is amended to read as follows:

25 SUBCHAPTER E. PARTICIPATION BY EMPLOYEE AND RETIREE

26 SECTION 9. Section [1579.201](#), Insurance Code, is amended to
27 read as follows:

1 Sec. 1579.201. DEFINITION. In this subchapter, "full-time
2 employee," ~~[and]~~ "part-time employee," "full-time retiree," and
3 "part-time retiree" have the meanings assigned by rules adopted by
4 the trustee.

5 SECTION 10. Section 1579.202, Insurance Code, is amended to
6 read as follows:

7 Sec. 1579.202. ELIGIBLE EMPLOYEES AND RETIREES. (a)
8 Except as provided by Section 1579.204, participation in the
9 program is limited to:

- 10 (1) employees of participating entities who are
11 full-time employees or who are ~~[and to]~~ part-time employees; and
12 (2) retirees of participating entities who are
13 full-time retirees or who are part-time retirees ~~[participating~~
14 ~~members in the Teacher Retirement System of Texas]~~.

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

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

22 SECTION 11. Section 1579.203, Insurance Code, is amended by
23 amending Subsection (a), (b), and (c) to read as follows:

24 (a) A participating employee or retiree may select coverage
25 in any coverage plan offered by the trustee.

26 (b) The employee or retiree is not required to continue
27 participation in the coverage plan initially selected and may

1 select a higher or lower tier coverage plan than the plan initially
2 selected by the employee or retiree in the manner provided by rules
3 adopted by the trustee.

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

11 SECTION 12. Section 1579.204, Insurance Code, is amended to
12 read as follows:

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

23 SECTION 13. Section 1579.205, Insurance Code, is amended to
24 read as follows:

25 Sec. 1579.205. PAYMENT BY PARTICIPATING ENTITY.
26 Notwithstanding Section 1579.204, a participating entity may pay
27 any portion of what otherwise would be the full-time employee,

1 part-time employee, full-time retiree, or part-time retiree share
2 of premiums and other costs associated with the coverage selected
3 by the employee or retiree.

4 SECTION 14. Section 1579.251, Insurance Code, is amended to
5 read as follows:

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

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

22 SECTION 15. Section 1579.253, Insurance Code, is amended to
23 read as follows:

24 Sec. 1579.253. CONTRIBUTION BY EMPLOYEE AND RETIREE. (a)
25 An employee or retiree covered by the program shall pay that portion
26 of the cost of coverage selected by the employee or retiree that
27 exceeds the amount of the state contribution under Section 1579.251

1 and the participating entity contribution under Section 1579.252.

2 (b) The employee or retiree may pay the employee's
3 contribution under this subsection from the amount distributed to
4 the employee or retiree under Subchapter D, Chapter 22, Education
5 Code.

6 (c) Notwithstanding Subsection (a), a participating entity
7 may pay any portion of what otherwise would be the employee or
8 retiree share of premiums and other costs associated with the
9 coverage selected by the employee or retiree.

10 SECTION 16. This Act takes effect September 1, 2015.