

BILL ANALYSIS

C.S.H.B. 4035
By: Flynn
Pensions
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that The University of Texas System and The Texas A&M University System are currently authorized to provide group insurance benefits to certain eligible individuals. C.S.H.B. 4035 seeks to make technical and clarifying changes that would allow the systems' state employee group benefits program and health benefit plans to operate more efficiently.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

C.S.H.B. 4035 amends the Government Code to authorize a retiree of the Teacher Retirement System of Texas (TRS) who is participating in the employees uniform insurance benefits program under the State University Employees Uniform Insurance Benefits Act to authorize TRS, on a form provided by the program administrator, to deduct the amount of the contribution and any other qualified health insurance premium from the retiree's regular monthly service or disability retirement annuity payment if the amount of the monthly annuity is greater than or equal to the amount of the authorized deduction. The bill requires the program administrator to maintain a record of such an authorization for a deduction. The bill requires the program administrator to notify TRS of the authorization and, in the manner and form prescribed by TRS, provide TRS with the names of the retirees and other relevant information needed by TRS to administer the deduction. The bill requires TRS, after making the deduction, to pay to the program administrator an aggregate amount for all retirees who authorize such annuity deductions. If a retiree no longer receives a monthly annuity greater than or equal to the amount of the authorized deduction, TRS is required to inform the program administrator and is not required to make a deduction for the retiree. The bill requires TRS to make the authorized deduction each month until the date the annuity is no longer payable by TRS, TRS is notified by the program administrator that the retiree has canceled the authorization to make the deduction, or the amount of the monthly annuity is no longer greater than or equal to the amount of the authorized deduction. The bill requires the program administrator to reimburse TRS the cost, as determined by TRS, incurred by TRS in implementing these provisions and establishes that these provisions do not apply to certain individuals described by specified statutory provisions authorizing similar annuity deductions for those individuals. These provisions relating to annuity deductions take effect January 1, 2018.

C.S.H.B. 4035 amends the Insurance Code to establish alternative eligibility criteria for participation as an annuitant in the state employees group benefits program under the Texas Employees Group Benefits Act and as a retired employee in the employees uniform insurance benefits program under the State University Employees Uniform Insurance Benefits Act for an individual who otherwise qualifies for participation in the applicable program as a retiree under the jurisdiction of TRS or with The University of Texas System or The Texas A&M University System, respectively, except that the individual does not have the requisite 10 years of eligible service credit. The bill authorizes The University of Texas System or The Texas A&M University System to adjust a plan and coverage standards under the State University Employees Uniform Insurance Benefits Act as necessary to comply with applicable state and federal law and to provide consistent eligibility for all plans under the uniform program. The bill authorizes the systems, as provided by rules adopted by the applicable system, to consider a participant eligible to continue participating in the uniform program during a break in service during summer months if the system reasonably expects the individual will be reemployed after the break in service. The bill requires an individual who remains eligible to continue participating in the uniform program to pay all contributions required for the coverage selected by the individual during the break in service, except that an institution of higher education may make contributions for the individual from funds available for that purpose. The bill requires an institution of higher education to determine which individuals are eligible to continue participating in the uniform program and, at the time of initial eligibility, to notify each individual of the individual's continued eligibility. The bill establishes that an individual who continues participation in the uniform program is not considered an employee of an institution of higher education during the break in service for other purposes solely as a result of the individual's continued participation in the program.

C.S.H.B. 4035 authorizes The University of Texas System and The Texas A&M University System to design and offer a separate optional basic coverage plan for employees who are graduate students and requires the systems to determine the participation eligibility, coverage, payments, contributions, and costs of such a plan. The bill authorizes the systems, if a participant's monthly compensation from which the participant's contribution is deducted is insufficient to pay the participant's contribution for coverage, to adopt rules under which the applicable system considers the coverage to have terminated after the last full month for which the contribution was paid in full, as determined by the system. The bill requires a participant in the uniform program for whom appropriate contributions were not made during the entire plan year because of nonpayment of premiums, as a condition of enrollment in the same coverage for a subsequent plan year, to make a contribution equal to the contributions not made for the plan year for which appropriate contributions were not made during the entire plan year, unless the nonpayment of premiums was related to a qualified change in status, as determined by the applicable system. The bill requires the payment to be made in the form and manner determined by the applicable system. The bill's provisions applicable to the State University Employees Uniform Insurance Benefits Act apply only to group coverages provided under the act beginning with the 2017-2018 plan year.

EFFECTIVE DATE

Except as otherwise provided, on passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4035 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter A, Chapter 824, Government Code, is amended.

SECTION 2. Section 1551.102, Insurance Code, is amended.

SECTION 3. Section 1601.053, Insurance Code, is amended.

SECTION 4. Section 1601.102, Insurance Code, is amended.

SECTION 5. Subsection (f), Section 1601.102, Insurance Code, as added by Chapter 1266, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Subsection (h), Section 1601.102, Insurance Code.

SECTION 6. Subsection (g), Section 1601.102, Insurance Code, as added by Chapter 1266, Acts of the 78th Legislature, Regular Session, 2003, is redesignated as Subsection (i), Section 1601.102, Insurance Code, and amended.

SECTION 7. Subchapter C, Chapter 1601, Insurance Code, is amended by adding Section 1601.1022 to read as follows:

Sec. 1601.1022. PARTICIPATION ELIGIBILITY: EMPLOYEES WITH BREAK IN SERVICE AND EXPECTATION OF REEMPLOYMENT.

(a) As provided by rules adopted by the applicable system, the system may consider a participant eligible to continue participating in the uniform program under Section 1601.101 during a break in service in between school years if the system reasonably expects the individual will be reemployed after the break in service.

(b) An individual who remains eligible to continue participating in the uniform program under Subsection (a) shall pay all contributions required under this chapter for the coverage selected by the individual during the break in service, except that an institution of higher education may make

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.

SECTION 5. Same as introduced version.

SECTION 6. Same as introduced version.

SECTION 7. Subchapter C, Chapter 1601, Insurance Code, is amended by adding Section 1601.1022 to read as follows:

Sec. 1601.1022. PARTICIPATION ELIGIBILITY: EMPLOYEES WITH BREAK IN SERVICE AND EXPECTATION OF REEMPLOYMENT.

(a) As provided by rules adopted by the applicable system, the system may consider a participant eligible to continue participating in the uniform program under Section 1601.101 during a break in service during summer months if the system reasonably expects the individual will be reemployed after the break in service.

(b) Same as introduced version.

contributions for the individual from funds available for that purpose.

(c) An institution of higher education shall determine which individuals are eligible to continue participating in the uniform program under this section and, at the time of initial eligibility, shall notify each individual of the individual's continued eligibility under Subsection (a).

(d) An individual who continues participation in the uniform program under this section is not considered an employee of an institution of higher education during the break in service for other purposes solely as a result of the individual's continued participation in the program.

SECTION 8. Subchapter C, Chapter 1601, Insurance Code, is amended.

SECTION 9. Subchapter E, Chapter 1601, Insurance Code, is amended.

SECTION 10. The changes in law made by this Act apply only to group coverages provided under Chapter 1601, Insurance Code, beginning with the 2017-2018 plan year. A plan year before 2017-2018 is governed by the law as it existed immediately before September 1, 2017, and that law is continued in effect for that purpose.

SECTION 11. (a) Except as provided by Subsection (b) of this section, this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

(b) Section 824.0071, Government Code, as added by this Act, takes effect January 1, 2018.

(c) Same as introduced version.

(d) Same as introduced version.

SECTION 8. Same as introduced version.

SECTION 9. Same as introduced version.

SECTION 10. Same as introduced version.

SECTION 11. Same as introduced version.