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H.B. No. 3976

A BILL TO BE ENTITLED

AN ACT

relating to the administration of and benefits payable under the
Texas Public School Retired Employees Group Benefits Act.

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

SECTION 1. Section 1575.002, Insurance Code, is amended by
amending Subdivision (5) and adding Subdivisions (5-a) and (5-b) to
read as follows:

(5) "Health benefit plan" means any ~~[a group insurance
policy, contract, or certificate, medical or hospital service
agreement, membership or subscription contract, salary
continuation plan, or similar]~~ group arrangement to provide health
care benefits ~~[services]~~ or to pay or reimburse expenses for ~~[of]~~
health care services.

(5-a) "Medicare Advantage plan" means a health benefit
plan operated under Part C of the Medicare program.

(5-b) "Medicare prescription drug plan" means a health
benefit plan operated under Part D of the Medicare program.

SECTION 2. Subchapter A, Chapter 1575, Insurance Code, is
amended by adding Section 1575.0025 to read as follows:

Sec. 1575.0025. REFERENCES TO BASIC PLAN. A reference in
this code to a "basic plan" under this chapter means a health
benefit plan provided under this chapter other than a Medicare
Advantage plan or a Medicare prescription drug plan.

SECTION 3. Section 1575.006(a), Insurance Code, is amended

1 to read as follows:

2 (a) The following are exempt from execution, attachment,
3 garnishment, or any other process:

4 (1) benefit payments, [~~including optional benefits~~
5 ~~payments,~~] active employee and state contributions, and retiree,
6 surviving spouse, and surviving dependent child contributions;

7 (2) any rights, benefits, or payments accruing to any
8 person under this chapter; and

9 (3) any money in the fund.

10 SECTION 4. Section 1575.052(a), Insurance Code, is amended
11 to read as follows:

12 (a) The trustee may adopt rules, plans, procedures, and
13 orders reasonably necessary to implement this chapter, including:

14 (1) minimum benefit and financing standards for group
15 coverage for retirees, dependents, surviving spouses, and
16 surviving dependent children;

17 (2) [~~basic and optional~~] group coverage for retirees,
18 dependents, surviving spouses, and surviving dependent children;

19 (3) procedures for contributions and deductions;

20 (4) periods for enrollment and selection of [~~optional~~]
21 coverage and procedures for enrolling and exercising options under
22 the group program;

23 (5) procedures for claims administration;

24 (6) procedures to administer the fund; and

25 (7) a timetable for:

26 (A) developing minimum benefit and financial
27 standards for group coverage;

1 (B) establishing health benefit plans offered
2 under the group program [plans]; and

3 (C) taking bids and awarding contracts for health
4 benefit plans offered under the group program [plans].

5 SECTION 5. Section 1575.152, Insurance Code, is amended to
6 read as follows:

7 Sec. 1575.152. HEALTH BENEFIT [BASIC] PLAN MUST COVER
8 PREEXISTING CONDITIONS. A health benefit [basic] plan offered
9 under the group program, other than a Medicare Advantage plan or a
10 Medicare prescription drug plan, must cover preexisting
11 conditions.

12 SECTION 6. Section 1575.153, Insurance Code, is amended to
13 read as follows:

14 Sec. 1575.153. HEALTH BENEFIT PLAN [BASIC] COVERAGE FOR
15 RETIREEES. (a) A retiree who applies for coverage during an
16 enrollment period may not be denied coverage in a health benefit
17 [basic] plan provided under this chapter for which the retiree is
18 eligible unless the trustee finds under Subchapter K that the
19 retiree defrauded or attempted to defraud the group program.

20 (b) A retiree who has coverage under a health benefit plan
21 offered under the group program shall pay a monthly contribution,
22 as determined by the trustee.

23 (c) As a condition of electing coverage under a health
24 benefit plan, the retiree must, in writing, authorize the trustee
25 to deduct the amount of the contribution from the retiree's monthly
26 annuity payment. The trustee shall deduct the contribution in the
27 manner and form determined by the trustee.

1 (d) Notwithstanding Subsection (b), a retiree is not
2 required to pay a monthly contribution under this section until the
3 2022 plan year if the retiree:

4 (1) has taken a disability retirement under the
5 Teacher Retirement System of Texas on or before January 1, 2017;

6 (2) is receiving disability retirement benefits from
7 the Teacher Retirement System of Texas; and

8 (3) is not eligible to enroll in Medicare.

9 (e) This subsection and Subsection (d) expire at the end of
10 the 2021 plan year on December 31, 2021.

11 SECTION 7. Section 1575.155(a), Insurance Code, is amended
12 to read as follows:

13 (a) A retiree participating in the group program is entitled
14 to secure for the retiree's dependents group coverage [~~provided for~~
15 ~~the retiree~~] under this chapter for which the dependents are
16 eligible under this chapter or any other law, including
17 requirements established [~~, as determined~~] by the trustee.

18 SECTION 8. Section 1575.156, Insurance Code, is amended by
19 amending Subsection (a) and adding Subsections (c) and (d) to read
20 as follows:

21 (a) A surviving spouse who is entitled to group coverage
22 under this chapter may elect to retain or obtain coverage for which
23 the surviving spouse or dependents of the surviving spouse are
24 eligible [~~at the applicable rate for the deceased participant~~].

25 (c) A surviving spouse who elects under this section to
26 retain or obtain coverage under a health benefit plan offered under
27 the group program for the surviving spouse or dependents of the

1 surviving spouse shall pay a monthly contribution, as determined by
2 the trustee.

3 (d) As a condition of electing coverage under a health
4 benefit plan, the surviving spouse must, in writing, authorize the
5 trustee to deduct the amount of the contribution from the surviving
6 spouse's monthly annuity payment. The trustee shall deduct the
7 contribution in the manner and form determined by the trustee.

8 SECTION 9. Section 1575.157, Insurance Code, is amended to
9 read as follows:

10 Sec. 1575.157. COVERAGE FOR SURVIVING DEPENDENT CHILD. (a)
11 A surviving dependent child, the guardian of the child's estate, or
12 the person having custody of the child may elect to retain or obtain
13 group coverage for which the surviving dependent child is eligible
14 at the applicable rate for a dependent.

15 (b) A surviving dependent child who has coverage under a
16 health benefit plan offered under the group program shall pay a
17 monthly contribution, as determined by the trustee. The applicable
18 contributions must be provided by the surviving dependent child in
19 the manner established [~~by Section 1575.205 and~~] by the trustee.

20 SECTION 10. The heading to Section 1575.158, Insurance
21 Code, is amended to read as follows:

22 Sec. 1575.158. [~~OPTIONAL~~] GROUP HEALTH BENEFIT PLANS
23 [~~PLAN~~].

24 SECTION 11. Section 1575.158, Insurance Code, is amended by
25 amending Subsection (a) and adding Subsections (c) and (d) to read
26 as follows:

27 (a) The [~~Subject to Section 1575.1581, the~~] trustee shall

1 establish or [~~may, in addition to providing a basic plan,~~] contract
2 for and make available under the group program a high deductible [~~an~~
3 ~~optional group~~] health [~~benefit~~] plan for retirees, dependents,
4 surviving spouses, or surviving dependent children who are eligible
5 under Section 1575.1582.

6 (c) The trustee shall establish or contract for and make
7 available under the group program a Medicare Advantage plan and a
8 Medicare prescription drug plan for retirees, dependents,
9 surviving spouses, and surviving dependent children who are
10 eligible under Section 1575.1582.

11 (d) Notwithstanding Subsection (c), if the trustee
12 determines that a Medicare Advantage plan or a Medicare
13 prescription drug plan is no longer appropriate for the group
14 program, the trustee may establish or contract for and make
15 available under the group program other health benefit plans to
16 provide medical or pharmacy benefits.

17 SECTION 12. Subchapter D, Chapter 1575, Insurance Code, is
18 amended by adding Section 1575.1582 to read as follows:

19 Sec. 1575.1582. ELIGIBILITY FOR GROUP HEALTH BENEFIT PLANS.

20 (a) A retiree, dependent, surviving spouse, or surviving dependent
21 child who is not eligible to enroll in Medicare is eligible to
22 enroll in a high deductible health plan offered under the group
23 program, subject to any other applicable eligibility requirements,
24 including requirements established by the trustee, but is not
25 eligible to enroll in another health benefit plan offered under the
26 group program.

27 (b) A retiree, dependent, surviving spouse, or surviving

1 dependent child who is eligible to enroll in Medicare is eligible to
2 enroll in a Medicare Advantage plan or a Medicare prescription drug
3 plan offered under the group program, subject to any other
4 applicable eligibility requirements, including requirements
5 established by the trustee, but is not eligible to enroll in another
6 health benefit plan offered under the group program unless
7 authorized by Subsection (c).

8 (c) If the trustee makes another health benefit plan
9 available under Section 1575.158(d), any individual otherwise
10 eligible under this section to enroll in a Medicare Advantage plan
11 or Medicare prescription drug plan is eligible to enroll in that
12 health benefit plan.

13 SECTION 13. Section 1575.159, Insurance Code, is amended to
14 read as follows:

15 Sec. 1575.159. COVERAGE FOR PROSTATE-SPECIFIC ANTIGEN
16 TEST. A health benefit plan offered under the group program, other
17 than a Medicare Advantage plan or a Medicare prescription drug
18 plan, must provide coverage for a medically accepted
19 prostate-specific antigen test used for the detection of prostate
20 cancer for each male enrolled in the health benefit plan who:

- 21 (1) is at least 50 years of age; or
22 (2) is at least 40 years of age and:
23 (A) has a family history of prostate cancer; or
24 (B) exhibits another cancer risk factor.

25 SECTION 14. The heading to Section 1575.161, Insurance
26 Code, is amended to read as follows:

27 Sec. 1575.161. [~~OPEN ENROLLMENT; ADDITIONAL~~] ENROLLMENT

1 PERIODS.

2 SECTION 15. Section 1575.161, Insurance Code, is amended by
3 amending Subsection (a) and adding Subsection (f) to read as
4 follows:

5 (a) A retiree eligible for coverage under the group program
6 may select for the retiree and the retiree's eligible dependents
7 any coverage provided under this chapter for which each of those
8 individuals [~~the person~~] is otherwise eligible:

9 (1) on any date that is on or after the date the
10 retiree [~~person~~] retires and on or before the 90th day after that
11 date;

12 (2) during a period beginning on the date the retiree
13 reaches 65 years of age and ending on a date set by the trustee by
14 rule; and

15 (3) [~~(2)~~] during any other open enrollment periods for
16 retirees set by the trustee by rule.

17 (f) An individual enrolled in a health benefit plan offered
18 under the group program may remain enrolled in that health benefit
19 plan as long as the individual remains eligible for that health
20 benefit plan. If an individual becomes ineligible for a health
21 benefit plan in which the individual is enrolled, the trustee shall
22 enroll the individual in a health benefit plan for which the
23 individual is eligible, if any, in accordance with procedures
24 established by the trustee.

25 SECTION 16. Section 1575.164(b), Insurance Code, is amended
26 to read as follows:

27 (b) A health benefit plan provided under this chapter, other

1 than a Medicare Advantage plan or a Medicare prescription drug
2 plan, must provide disease management services or coverage for
3 disease management services in the manner required by the Teacher
4 Retirement System of Texas, including:

- 5 (1) patient self-management education;
- 6 (2) provider education;
- 7 (3) evidence-based models and minimum standards of
8 care;
- 9 (4) standardized protocols and participation
10 criteria; and
- 11 (5) physician-directed or physician-supervised care.

12 SECTION 17. Section [1575.170\(b\)](#), Insurance Code, is amended
13 to read as follows:

14 (b) A health benefit plan provided under this chapter, other
15 than a Medicare Advantage plan or a Medicare prescription drug
16 plan, that uses a drug formulary in providing a prescription drug
17 benefit must require prior authorization for coverage of the
18 following categories of prescribed drugs if the specific drug
19 prescribed is not included in the formulary:

- 20 (1) a gastrointestinal drug;
- 21 (2) a cholesterol-lowering drug;
- 22 (3) an anti-inflammatory drug;
- 23 (4) an antihistamine; and
- 24 (5) an antidepressant drug.

25 SECTION 18. Section [1575.201](#), Insurance Code, is amended by
26 amending Subsection (a) and adding Subsection (c) to read as
27 follows:

1 (a) The state through the trustee shall contribute from
2 money in the fund an[-

3 ~~[(1) the total cost of the basic plan covering each~~
4 ~~participating retiree; and~~

5 ~~[(2) for each participating dependent, surviving~~
6 ~~spouse, and surviving dependent child, the]~~ amount prescribed by
7 the General Appropriations Act to cover all or part of the cost for
8 each retiree [~~of the basic plan covering the dependent~~], surviving
9 spouse, and surviving dependent child enrolled in a health benefit
10 plan offered under the group program.

11 (c) The trustee may spend a part of the money received for
12 the group program to offset a part of the costs for dependent
13 coverage if the group program is projected to remain financially
14 solvent during the currently funded biennium.

15 SECTION 19. Section 1575.202(a), Insurance Code, is amended
16 to read as follows:

17 (a) Each state fiscal year, the state shall contribute to
18 the fund an amount equal to 1.25 [~~one~~] percent of the salary of each
19 active employee.

20 SECTION 20. Section 1575.210(a), Insurance Code, is amended
21 to read as follows:

22 (a) Contributions allocated and appropriated under this
23 subchapter for a state fiscal year shall be:

24 (1) paid [~~from the general revenue fund~~] in equal
25 monthly installments;

26 (2) based on the estimated amount certified by the
27 trustee to the comptroller for that year; and

1 (3) subject to any express limitations specified in
2 the Act making the appropriation.

3 SECTION 21. Section 1575.211(a), Insurance Code, is amended
4 to read as follows:

5 (a) The total costs for the operation of the group program
6 shall be shared among the state, the public schools, the active
7 employees, ~~[and]~~ the retirees, the surviving spouses, and the
8 surviving dependent children in the manner prescribed by the
9 General Appropriations Act.

10 SECTION 22. Section 1575.212, Insurance Code, is amended by
11 adding Subsection (a-1) and amending Subsection (b) to read as
12 follows:

13 (a-1) The trustee shall establish and collect payments for
14 the share of total costs allocated under Section 1575.211 to
15 retirees, surviving spouses, and surviving dependent children.

16 (b) In establishing the payments under Subsection (a-1)
17 ~~[ranges for payment of the share of total costs allocated under~~
18 ~~Section 1575.211 to retirees]~~, the trustee may consider various
19 factors, including an enrollee's Medicare status, health benefit
20 plan election, and dependent coverage ~~[the years of service credit~~
21 ~~accrued by a retiree and may reward those retirees with more years~~
22 ~~of service credit]~~.

23 SECTION 23. Section 1575.302, Insurance Code, is amended to
24 read as follows:

25 Sec. 1575.302. PAYMENTS INTO FUND. The following shall be
26 paid into the fund:

27 (1) contributions from active employees and the

1 state[, ~~including contributions for optional coverages~~];

2 (2) investment income;

3 (3) appropriations for implementation of the group
4 program; and

5 (4) other money required or authorized to be paid into
6 the fund.

7 SECTION 24. The following provisions of the Insurance Code
8 are repealed:

9 (1) Section 1575.103;

10 (2) Section 1575.156(b);

11 (3) Section 1575.158(b);

12 (4) Section 1575.1581;

13 (5) Sections 1575.161(b), (c), (d), and (e);

14 (6) Section 1575.201(b);

15 (7) Section 1575.205;

16 (8) Section 1575.211(b); and

17 (9) Section 1575.212(a).

18 SECTION 25. The changes in law made by this Act apply only
19 to health benefits provided under Chapter 1575, Insurance Code, as
20 amended by this Act, beginning with the 2018 plan year. A plan year
21 before the 2018 plan year is governed by the law as it existed
22 immediately before the effective date of this Act, and that law is
23 continued in effect for that purpose.

24 SECTION 26. This Act takes effect September 1, 2017.