

By: Ashby

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

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

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

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

15 (c) A surviving spouse who elects under this section to
16 retain or obtain coverage under a health benefit plan offered under
17 the group program for the surviving spouse or dependents of the
18 surviving spouse shall pay a monthly contribution, as determined by
19 the trustee.

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

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

27 Sec. 1575.157. COVERAGE FOR SURVIVING DEPENDENT CHILD. (a)

1 A surviving dependent child, the guardian of the child's estate, or
2 the person having custody of the child may elect to retain or obtain
3 group coverage for which the surviving dependent child is eligible
4 at the applicable rate for a dependent.

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

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

12 Sec. 1575.158. [~~OPTIONAL~~] GROUP HEALTH BENEFIT PLANS
13 [~~PLAN~~].

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

17 (a) The [~~Subject to Section 1575.1581, the~~] trustee shall
18 establish or [~~may, in addition to providing a basic plan,~~] contract
19 for and make available under the group program a high deductible [~~an~~
20 ~~optional group~~] health [~~benefit~~] plan for retirees, dependents,
21 surviving spouses, or surviving dependent children who are eligible
22 under Section 1575.1582.

23 (c) The trustee shall establish or contract for and make
24 available under the group program a Medicare Advantage plan and a
25 Medicare prescription drug plan for retirees, dependents,
26 surviving spouses, and surviving dependent children who are
27 eligible under Section 1575.1582.

1 (d) Notwithstanding Subsection (c), if the trustee
2 determines that a Medicare Advantage plan or a Medicare
3 prescription drug plan is no longer appropriate for the group
4 program, the trustee may establish or contract for and make
5 available under the group program other health benefit plans to
6 provide medical or pharmacy benefits.

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

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

10 (a) A retiree, dependent, surviving spouse, or surviving dependent
11 child who is not eligible to enroll in Medicare is eligible to
12 enroll in a high deductible health plan offered under the group
13 program, subject to any other applicable eligibility requirements,
14 including requirements established by the trustee, but is not
15 eligible to enroll in another health benefit plan offered under the
16 group program.

17 (b) A retiree, dependent, surviving spouse, or surviving
18 dependent child who is eligible to enroll in Medicare is eligible to
19 enroll in a Medicare Advantage plan or a Medicare prescription drug
20 plan offered under the group program, subject to any other
21 applicable eligibility requirements, including requirements
22 established by the trustee, but is not eligible to enroll in another
23 health benefit plan offered under the group program unless
24 authorized by Subsection (c).

25 (c) If the trustee makes another health benefit plan
26 available under Section 1575.158(d), any individual otherwise
27 eligible under this section to enroll in a Medicare Advantage plan

1 or Medicare prescription drug plan is eligible to enroll in that
2 health benefit plan.

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

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

- 11 (1) is at least 50 years of age; or
12 (2) is at least 40 years of age and:
13 (A) has a family history of prostate cancer; or
14 (B) exhibits another cancer risk factor.

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

17 Sec. 1575.161. [~~OPEN ENROLLMENT; ADDITIONAL~~] ENROLLMENT
18 PERIODS.

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

22 (a) A retiree, surviving spouse, or surviving dependent
23 child eligible for coverage under the group program may select for
24 that individual and the individual's eligible dependents any
25 coverage provided under this chapter for which each of those
26 individuals [~~the person~~] is otherwise eligible:

- 27 (1) on any date that is on or after the date the

1 retiree [~~person~~] retires and on or before the 90th day after that
2 date; and

3 (2) during any other open enrollment periods for
4 retirees set by the trustee by rule.

5 (f) An individual enrolled in a health benefit plan offered
6 under the group program may remain enrolled in that health benefit
7 plan as long as the individual remains eligible for that health
8 benefit plan. If an individual becomes ineligible for a health
9 benefit plan in which the individual is enrolled, the trustee shall
10 enroll the individual in a health benefit plan for which the
11 individual is eligible, if any, in accordance with procedures
12 established by the trustee.

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

15 (b) A health benefit plan provided under this chapter, other
16 than a Medicare Advantage plan or a Medicare prescription drug
17 plan, must provide disease management services or coverage for
18 disease management services in the manner required by the Teacher
19 Retirement System of Texas, including:

- 20 (1) patient self-management education;
- 21 (2) provider education;
- 22 (3) evidence-based models and minimum standards of
23 care;
- 24 (4) standardized protocols and participation
25 criteria; and
- 26 (5) physician-directed or physician-supervised care.

27 SECTION 17. Section 1575.170(b), Insurance Code, is amended

1 to read as follows:

2 (b) A health benefit plan provided under this chapter, other
3 than a Medicare Advantage plan or a Medicare prescription drug
4 plan, that uses a drug formulary in providing a prescription drug
5 benefit must require prior authorization for coverage of the
6 following categories of prescribed drugs if the specific drug
7 prescribed is not included in the formulary:

- 8 (1) a gastrointestinal drug;
- 9 (2) a cholesterol-lowering drug;
- 10 (3) an anti-inflammatory drug;
- 11 (4) an antihistamine; and
- 12 (5) an antidepressant drug.

13 SECTION 18. Section 1575.201, Insurance Code, is amended by
14 amending Subsection (a) and adding Subsection (c) to read as
15 follows:

16 (a) The state through the trustee shall contribute from
17 money in the fund an+

18 ~~[(1) the total cost of the basic plan covering each~~
19 ~~participating retiree, and~~

20 ~~[(2) for each participating dependent, surviving~~
21 ~~spouse, and surviving dependent child, the]~~ amount prescribed by
22 the General Appropriations Act to cover all or part of the cost for
23 each retiree ~~[of the basic plan covering the dependent]~~, surviving
24 spouse, and surviving dependent child enrolled in a health benefit
25 plan offered under the group program.

26 (c) The trustee may spend a part of the money received for
27 the group program to offset a part of the costs for dependent

1 coverage if the group program is projected to remain financially
2 solvent during the currently funded biennium.

3 SECTION 19. Sec. 1575.202(a), Insurance Code, is amended to
4 read as follows:

5 (a) Each state fiscal year, the state shall contribute to
6 the fund an amount equal to one and one-quarter percent of the
7 salary of each active employee.

8 SECTION 20. Section 1575.211(a), Insurance Code, is amended
9 to read as follows:

10 (a) The total costs for the operation of the group program
11 shall be shared among the state, the public schools, the active
12 employees, ~~[and]~~ the retirees, the surviving spouses, and the
13 surviving dependent children in the manner prescribed by the
14 General Appropriations Act.

15 SECTION 21. Section 1575.212, Insurance Code, is amended by
16 adding Subsection (a-1) and amending Subsection (b) to read as
17 follows:

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

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

1 SECTION 22. Section 1575.302, Insurance Code, is amended to
2 read as follows:

3 Sec. 1575.302. PAYMENTS INTO FUND. The following shall be
4 paid into the fund:

5 (1) contributions from active employees and the
6 state [~~, including contributions for optional coverages~~];

7 (2) investment income;

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

10 (4) other money required or authorized to be paid into
11 the fund.

12 SECTION 23. The following provisions of the Insurance Code
13 are repealed:

14 (1) Section 1575.103;

15 (2) Section 1575.156(b);

16 (3) Section 1575.158(b);

17 (4) Section 1575.1581;

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

19 (6) Section 1575.201(b);

20 (7) Section 1575.205;

21 (8) Section 1575.211(b); and

22 (9) Section 1575.212(a).

23 SECTION 24. The changes in law made by this Act apply only
24 to health benefits provided under Chapter 1575, Insurance Code, as
25 amended by this Act, beginning with the 2018 plan year. A plan year
26 before the 2018 plan year is governed by the law as it existed
27 immediately before the effective date of this Act, and that law is

1 continued in effect for that purpose.

2 SECTION 25. This Act takes effect September 1, 2017.