By: Ashby, et al. (Senate Sponsor - Huffman) H.B. No. 3976

(In the Senate - Received from the House May 5, 2017; May 5, 2017, read first time and referred to Committee on State Affairs; May 16, 2017, reported adversely, with favorable Committee Substitute by the following vote: Yeas 9, Nays 0; May 16, 2017, sent to printer.)

COMMITTEE VOTE

	Yea	Nay	Absent	PNV
Huffman	X			
Hughes	X			
Birdwell	X			
Creighton	X			
Estes	X			
Lucio	X			
Nelson	X			
Schwertner	X			
Zaffirini	X			

COMMITTEE SUBSTITUTE FOR H.B. No. 3976 By: Huffman

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 to read as follows:

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

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

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

(3) any money in the fund.

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

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

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

(2) [~~basic and optional~~] group coverage for retirees,

dependents, surviving spouses, and surviving dependent children;

(3) procedures for contributions and deductions;

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

(5) procedures for claims administration;

(6) procedures to administer the fund; and

(7) a timetable for:

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

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

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

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

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

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

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

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

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

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

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

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

(3) is not eligible to enroll in Medicare.

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

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

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

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

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

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

(d) As a condition of electing coverage under a health benefit plan, the surviving spouse must, in writing, authorize the trustee to deduct the amount of the contribution from the surviving

spouse's monthly annuity payment. The trustee shall deduct the contribution in the manner and form determined by the trustee.

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

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

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

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

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

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

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

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

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

(e) To the extent the group program has available funds, the trustee shall consider implementing a plan design for non-Medicare eligible enrollees in the high deductible health plan established or made available under Subsection (a) that provides assistance in the payment of preventive care, including generic preventive maintenance medications, in a manner that is consistent with federal law.

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

Sec. 1575.1582. ELIGIBILITY FOR GROUP HEALTH BENEFIT PLANS. (a) A retiree, dependent, surviving spouse, or surviving dependent child who is not eligible to enroll in Medicare is eligible to enroll in a high deductible health plan offered under the group program, subject to any other applicable eligibility requirements, including requirements established by the trustee, but is not eligible to enroll in another health benefit plan offered under the group program.

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

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

SECTION 13. Section 1575.159, Insurance Code, is amended to

read as follows:

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

(1) is at least 50 years of age; or

(2) is at least 40 years of age and:

(A) has a family history of prostate cancer; or

(B) exhibits another cancer risk factor.

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

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

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

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

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

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

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

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

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

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

(1) patient self-management education;

(2) provider education;

(3) evidence-based models and minimum standards of care;

(4) standardized protocols and participation criteria; and

(5) physician-directed or physician-supervised care.

SECTION 17. Section 1575.170(b), Insurance Code, is amended to read as follows:

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

(1) a gastrointestinal drug;

(2) a cholesterol-lowering drug;

(3) an anti-inflammatory drug;

(4) an antihistamine; and

(5) an antidepressant drug.

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

(a) The state through the trustee shall contribute from

money in the fund an[~~:~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) investment income;

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

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

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

(1) Section 1575.103;

(2) Section 1575.156(b);

(3) Section 1575.158(b);

(4) Section 1575.1581;

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

(6) Section 1575.201(b);

(7) Section 1575.205;

(8) Section 1575.211(b); and

(9) Section 1575.212(a).

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

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

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