

By: Flynn

H.B. No. 4035

A BILL TO BE ENTITLED

AN ACT

1
2 relating to eligibility and contributions for coverage under the
3 state employee group benefits program and health benefit plans
4 offered by certain university systems.

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

6 SECTION 1. Subchapter A, Chapter 824, Government Code, is
7 amended by adding Section 824.0071 to read as follows:

8 Sec. 824.0071. DEDUCTIONS FROM SERVICE OR DISABILITY
9 RETIREMENT ANNUITY FOR CERTAIN UNIVERSITY INSURANCE PROGRAM
10 CONTRIBUTIONS. (a) In this section, "program administrator" means
11 the person who administers the uniform program under Section
12 1601.051, Insurance Code.

13 (b) A retiree who is participating in the uniform program
14 under Chapter 1601, Insurance Code, may authorize the retirement
15 system to deduct the amount of the contribution and any other
16 qualified health insurance premium from the retiree's regular
17 monthly service or disability retirement annuity payment if the
18 amount of the monthly annuity is greater than or equal to the amount
19 of the authorized deduction.

20 (c) A retiree may authorize the deduction described by
21 Subsection (b) on a form provided by the program administrator. The
22 program administrator shall maintain the record of the
23 authorization made under this section.

24 (d) The program administrator shall:

1 (1) notify the retirement system of the authorization
2 under Subsection (b); and

3 (2) in the manner and form prescribed by the
4 retirement system, provide the retirement system with the names of
5 the retirees and other relevant information needed by the
6 retirement system to administer the deduction.

7 (e) After making the deduction, the retirement system shall
8 pay to the program administrator an aggregate amount for all
9 retirees who authorize annuity deductions under Subsection (b).

10 (f) If a retiree no longer receives a monthly annuity
11 greater than or equal to the amount of the authorized deduction, the
12 retirement system:

13 (1) shall inform the program administrator; and

14 (2) is not required to make a deduction under this
15 section for the retiree.

16 (g) The retirement system shall make the authorized
17 deduction each month until:

18 (1) the date the annuity is no longer payable by the
19 retirement system;

20 (2) the retirement system is notified by the program
21 administrator that the retiree has canceled the authorization to
22 make the deduction; or

23 (3) the amount of the monthly annuity is no longer
24 greater than or equal to the amount of the authorized deduction as
25 described by Subsection (f).

26 (h) The program administrator shall reimburse the
27 retirement system the cost, as determined by the retirement system,

1 incurred by the retirement system in implementing this section.

2 (i) This section does not apply to an individual described
3 by Section 824.007(b).

4 SECTION 2. Section 1551.102, Insurance Code, is amended by
5 adding Subsection (c-1) to read as follows:

6 (c-1) An individual is eligible to participate in the group
7 benefits program as provided by Subsection (a) if:

8 (1) the individual meets the minimum requirements
9 under Subsection (c) except that the individual does not have at
10 least 10 years of eligible service credit as described by
11 Subsection (c)(1);

12 (2) the individual has at least 10 years of combined
13 service in a position for which the individual was eligible to
14 participate in the group benefits program or in the uniform program
15 under Section 1601.101; and

16 (3) either:

17 (A) the individual's greatest number of years of
18 state employment was in a position for which the individual was
19 eligible to participate in the group benefits program; or

20 (B) if the individual's years of employment in
21 positions eligible to participate in the group benefits program and
22 the uniform program are equal, the individual's last state
23 employment before retirement was in a position for which the
24 individual was eligible to participate in the group benefits
25 program.

26 SECTION 3. Section 1601.053, Insurance Code, is amended by
27 adding Subsection (c) to read as follows:

1 (c) Notwithstanding any other provision of this chapter, a
2 system may adjust a plan and coverage standards as necessary to
3 comply with applicable state and federal law and to provide
4 consistent eligibility for all plans under the program, including
5 eligibility for optional coverages.

6 SECTION 4. Section 1601.102, Insurance Code, is amended by
7 adding Subsection (d-1) to read as follows:

8 (d-1) An individual is eligible to participate in the
9 uniform program as provided by Subsection (a) if:

10 (1) the individual meets the minimum requirements
11 under Subsection (b) except that the individual does not have at
12 least 10 years of service as described by Subsection (b)(1);

13 (2) the individual has at least 10 years of combined
14 service in a position for which the individual was eligible to
15 participate in the uniform program or in the group benefits program
16 under Section 1551.101; and

17 (3) either:

18 (A) the individual's greatest number of years of
19 state employment was in a position for which the individual was
20 eligible to participate in the uniform program; or

21 (B) if the individual's years of employment in
22 positions eligible to participate in the uniform program and the
23 group benefits program are equal, the individual's last state
24 employment before retirement was in a position for which the
25 individual was eligible to participate in the uniform program.

26 SECTION 5. Subsection (f), Section 1601.102, Insurance
27 Code, as added by Chapter 1266, Acts of the 78th Legislature,

1 Regular Session, 2003, is redesignated as Subsection (h), Section
2 1601.102, Insurance Code, to read as follows:

3 (h) [~~(f)~~] Notwithstanding Subsection (b), an individual to
4 whom this subsection applies is eligible to participate in the
5 uniform program as provided by Subsection (a) if:

6 (1) the individual has at least three years of service
7 with a system for which the individual was eligible to participate
8 in the uniform program under Section 1601.101;

9 (2) the individual's last state employment before
10 retirement was with that system; and

11 (3) the individual retires under the jurisdiction of:

12 (A) the Teacher Retirement System of Texas under
13 Subtitle C, Title 8, Government Code;

14 (B) the Employees Retirement System of Texas; or

15 (C) subject to Subsection (c):

16 (i) the optional retirement program
17 established by Chapter 830, Government Code; or

18 (ii) any other federal or state statutory
19 retirement program to which the system has made employer
20 contributions.

21 SECTION 6. Subsection (g), Section 1601.102, Insurance
22 Code, as added by Chapter 1266, Acts of the 78th Legislature,
23 Regular Session, 2003, is redesignated as Subsection (i), Section
24 1601.102, Insurance Code, and amended to read as follows:

25 (i) [~~(g)~~] Subsection (h) [~~(f)~~] applies only to a person who,
26 on August 31, 2003:

27 (1) was eligible to participate in the uniform program

1 as an employee under Section 1601.101; or

2 (2) was eligible to participate in the uniform program
3 as a retired employee under this section as this section existed on
4 January 1, 2003.

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

7 Sec. 1601.1022. PARTICIPATION ELIGIBILITY: EMPLOYEES WITH
8 BREAK IN SERVICE AND EXPECTATION OF REEMPLOYMENT. (a) As provided
9 by rules adopted by the applicable system, the system may consider a
10 participant eligible to continue participating in the uniform
11 program under Section 1601.101 during a break in service during
12 summer months if the system reasonably expects the individual will
13 be reemployed after the break in service.

14 (b) An individual who remains eligible to continue
15 participating in the uniform program under Subsection (a) shall pay
16 all contributions required under this chapter for the coverage
17 selected by the individual during the break in service, except that
18 an institution of higher education may make contributions for the
19 individual from funds available for that purpose.

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

25 (d) An individual who continues participation in the
26 uniform program under this section is not considered an employee of
27 an institution of higher education during the break in service for

1 other purposes solely as a result of the individual's continued
2 participation in the program.

3 SECTION 8. Subchapter C, Chapter 1601, Insurance Code, is
4 amended by adding Section 1601.1065 to read as follows:

5 Sec. 1601.1065. OPTIONAL BASIC COVERAGE PLAN FOR GRADUATE
6 STUDENTS. The system may design and offer a separate optional basic
7 coverage plan for employees who are graduate students. The system
8 shall determine the participation eligibility, coverage, payments,
9 contributions, and costs of a plan offered under this section.

10 SECTION 9. Subchapter E, Chapter 1601, Insurance Code, is
11 amended by adding Sections 1601.2042 and 1601.211 to read as
12 follows:

13 Sec. 1601.2042. COMPENSATION INSUFFICIENT TO COVER
14 DEDUCTION. If a participant's monthly compensation from which the
15 participant's contribution is deducted is insufficient to pay the
16 participant's contribution for coverage, the system may adopt rules
17 under which the system considers the coverage to have terminated
18 after the last full month for which the contribution was paid in
19 full, as determined by the system.

20 Sec. 1601.211. LIABILITY FOR BACK CONTRIBUTIONS FOR DROPPED
21 COVERAGE. (a) This section applies to a participant in the uniform
22 program for whom appropriate contributions were not made during the
23 entire plan year because of nonpayment of premiums.

24 (b) As a condition of enrollment in the same coverage for a
25 subsequent plan year, the participant must make a contribution
26 equal to the contributions not made for the plan year for which
27 appropriate contributions were not made during the entire plan

1 year, unless the nonpayment of premiums was related to a qualified
2 change in status, as determined by the system. The payment shall be
3 made in the form and manner determined by the system.

4 SECTION 10. The changes in law made by this Act apply only
5 to group coverages provided under Chapter 1601, Insurance Code,
6 beginning with the 2017-2018 plan year. A plan year before
7 2017-2018 is governed by the law as it existed immediately before
8 September 1, 2017, and that law is continued in effect for that
9 purpose.

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

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