

1-1 By: Huffman S.B. No. 788
 1-2 (In the Senate - Filed February 9, 2017; February 22, 2017,
 1-3 read first time and referred to Committee on State Affairs;
 1-4 April 6, 2017, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 8, Nays 1; April 6, 2017,
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14		X		
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 788 By: Huffman

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the administration of and benefits payable under the
 1-22 Texas Public School Retired Employees Group Benefits Act.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 1575.002, Insurance Code, is amended by
 1-25 amending Subdivision (5) and adding Subdivisions (5-a) and (5-b) to
 1-26 read as follows:

1-27 (5) "Health benefit plan" means any ~~any [a group insurance~~
 1-28 ~~policy, contract, or certificate, medical or hospital service~~
 1-29 ~~agreement, membership or subscription contract, salary~~
 1-30 ~~continuation plan, or similar]~~ group arrangement to provide health
 1-31 care benefits ~~[services]~~ or to pay or reimburse expenses ~~for~~ ~~[of]~~
 1-32 health care services.

1-33 (5-a) "Medicare Advantage plan" means a health benefit
 1-34 plan operated under Part C of the Medicare program.

1-35 (5-b) "Medicare prescription drug plan" means a health
 1-36 benefit plan operated under Part D of the Medicare program.

1-37 SECTION 2. Subchapter A, Chapter 1575, Insurance Code, is
 1-38 amended by adding Section 1575.0025 to read as follows:

1-39 Sec. 1575.0025. REFERENCES TO BASIC PLAN. A reference in
 1-40 this code to a "basic plan" under this chapter means a health
 1-41 benefit plan provided under this chapter other than a Medicare
 1-42 Advantage plan or a Medicare prescription drug plan.

1-43 SECTION 3. Section 1575.006(a), Insurance Code, is amended
 1-44 to read as follows:

1-45 (a) The following are exempt from execution, attachment,
 1-46 garnishment, or any other process:

1-47 (1) ~~benefit payments, [including optional benefits~~
 1-48 ~~payments,~~ active employee and state contributions, and retiree,
 1-49 surviving spouse, and surviving dependent child contributions;

1-50 (2) any rights, benefits, or payments accruing to any
 1-51 person under this chapter; and

1-52 (3) any money in the fund.

1-53 SECTION 4. Section 1575.052(a), Insurance Code, is amended
 1-54 to read as follows:

1-55 (a) The trustee may adopt rules, plans, procedures, and
 1-56 orders reasonably necessary to implement this chapter, including:

1-57 (1) minimum benefit and financing standards for group
 1-58 coverage for retirees, dependents, surviving spouses, and
 1-59 surviving dependent children;

1-60 (2) ~~[basic and optional]~~ group coverage for retirees,

2-1 dependents, surviving spouses, and surviving dependent children;
 2-2 (3) procedures for contributions and deductions;
 2-3 (4) periods for enrollment and selection of ~~[optional]~~
 2-4 coverage and procedures for enrolling and exercising options under
 2-5 the group program;
 2-6 (5) procedures for claims administration;
 2-7 (6) procedures to administer the fund; and
 2-8 (7) a timetable for:
 2-9 (A) developing minimum benefit and financial
 2-10 standards for group coverage;
 2-11 (B) establishing health benefit plans offered
 2-12 under the group program [plans]; and
 2-13 (C) taking bids and awarding contracts for health
 2-14 benefit plans offered under the group program [plans].

2-15 SECTION 5. Section 1575.152, Insurance Code, is amended to
 2-16 read as follows:

2-17 Sec. 1575.152. HEALTH BENEFIT [BASIC] PLAN MUST COVER
 2-18 PREEXISTING CONDITIONS. A health benefit [basic] plan offered
 2-19 under the group program, other than a Medicare Advantage plan or a
 2-20 Medicare prescription drug plan, must cover preexisting
 2-21 conditions.

2-22 SECTION 6. Section 1575.153, Insurance Code, is amended to
 2-23 read as follows:

2-24 Sec. 1575.153. HEALTH BENEFIT PLAN [BASIC] COVERAGE FOR
 2-25 RETIREEES. (a) A retiree who applies for coverage during an
 2-26 enrollment period may not be denied coverage in a health benefit
 2-27 [basic] plan provided under this chapter for which the retiree is
 2-28 eligible unless the trustee finds under Subchapter K that the
 2-29 retiree defrauded or attempted to defraud the group program.

2-30 (b) A retiree who has coverage under a health benefit plan
 2-31 offered under the group program shall pay a monthly contribution,
 2-32 as determined by the trustee.

2-33 (c) As a condition of electing coverage under a health
 2-34 benefit plan, the retiree must, in writing, authorize the trustee
 2-35 to deduct the amount of the contribution from the retiree's monthly
 2-36 annuity payment. The trustee shall deduct the contribution in the
 2-37 manner and form determined by the trustee.

2-38 (d) Notwithstanding Subsection (b), a retiree is not
 2-39 required to pay a monthly contribution under this section until the
 2-40 2022 plan year if the retiree:

2-41 (1) has taken a disability retirement under the
 2-42 Teacher Retirement System of Texas on or before January 1, 2017;

2-43 (2) is receiving disability retirement benefits from
 2-44 the Teacher Retirement System of Texas; and

2-45 (3) is not eligible to enroll in Medicare.

2-46 (e) This subsection and Subsection (d) expire at the end of
 2-47 the 2021 plan year on December 31, 2021.

2-48 SECTION 7. Section 1575.155(a), Insurance Code, is amended
 2-49 to read as follows:

2-50 (a) A retiree participating in the group program is entitled
 2-51 to secure for the retiree's dependents group coverage [provided for
 2-52 the retiree] under this chapter for which the dependents are
 2-53 eligible under this chapter or any other law, including
 2-54 requirements established [as determined] by the trustee.

2-55 SECTION 8. Section 1575.156, Insurance Code, is amended by
 2-56 amending Subsection (a) and adding Subsections (c) and (d) to read
 2-57 as follows:

2-58 (a) A surviving spouse who is entitled to group coverage
 2-59 under this chapter may elect to retain or obtain coverage for which
 2-60 the surviving spouse or dependents of the surviving spouse are
 2-61 eligible [at the applicable rate for the deceased participant].

2-62 (c) A surviving spouse who elects under this section to
 2-63 retain or obtain coverage under a health benefit plan offered under
 2-64 the group program for the surviving spouse or dependents of the
 2-65 surviving spouse shall pay a monthly contribution, as determined by
 2-66 the trustee.

2-67 (d) As a condition of electing coverage under a health
 2-68 benefit plan, the surviving spouse must, in writing, authorize the
 2-69 trustee to deduct the amount of the contribution from the surviving

3-1 spouse's monthly annuity payment. The trustee shall deduct the
 3-2 contribution in the manner and form determined by the trustee.

3-3 SECTION 9. Section 1575.157, Insurance Code, is amended to
 3-4 read as follows:

3-5 Sec. 1575.157. COVERAGE FOR SURVIVING DEPENDENT CHILD.

3-6 (a) A surviving dependent child, the guardian of the child's
 3-7 estate, or the person having custody of the child may elect to
 3-8 retain or obtain group coverage for which the surviving dependent
 3-9 child is eligible at the applicable rate for a dependent.

3-10 (b) A surviving dependent child who has coverage under a
 3-11 health benefit plan offered under the group program shall pay a
 3-12 monthly contribution, as determined by the trustee. The applicable
 3-13 contributions must be provided by the surviving dependent child in
 3-14 the manner established [by Section 1575.205 and] by the trustee.

3-15 SECTION 10. The heading to Section 1575.158, Insurance
 3-16 Code, is amended to read as follows:

3-17 Sec. 1575.158. [OPTIONAL] GROUP HEALTH BENEFIT PLANS
 3-18 [PLAN].

3-19 SECTION 11. Section 1575.158, Insurance Code, is amended by
 3-20 amending Subsection (a) and adding Subsections (c) and (d) to read
 3-21 as follows:

3-22 (a) The [Subject to Section 1575.1581, the] trustee shall
 3-23 establish or [may, in addition to providing a basic plan,] contract
 3-24 for and make available under the group program a high deductible [an
 3-25 optional group] health [benefit] plan for retirees, dependents,
 3-26 surviving spouses, or surviving dependent children who are eligible
 3-27 under Section 1575.1582.

3-28 (c) The trustee shall establish or contract for and make
 3-29 available under the group program a Medicare Advantage plan and a
 3-30 Medicare prescription drug plan for retirees, dependents,
 3-31 surviving spouses, and surviving dependent children who are
 3-32 eligible under Section 1575.1582.

3-33 (d) Notwithstanding Subsection (c), if the trustee
 3-34 determines that a Medicare Advantage plan or a Medicare
 3-35 prescription drug plan is no longer appropriate for the group
 3-36 program, the trustee may establish or contract for and make
 3-37 available under the group program other health benefit plans to
 3-38 provide medical or pharmacy benefits.

3-39 SECTION 12. Subchapter D, Chapter 1575, Insurance Code, is
 3-40 amended by adding Section 1575.1582 to read as follows:

3-41 Sec. 1575.1582. ELIGIBILITY FOR GROUP HEALTH BENEFIT PLANS.

3-42 (a) A retiree, dependent, surviving spouse, or surviving
 3-43 dependent child who is not eligible to enroll in Medicare is
 3-44 eligible to enroll in a high deductible health plan offered under
 3-45 the group program, subject to any other applicable eligibility
 3-46 requirements, including requirements established by the trustee,
 3-47 but is not eligible to enroll in another health benefit plan offered
 3-48 under the group program.

3-49 (b) A retiree, dependent, surviving spouse, or surviving
 3-50 dependent child who is eligible to enroll in Medicare is eligible to
 3-51 enroll in a Medicare Advantage plan or a Medicare prescription drug
 3-52 plan offered under the group program, subject to any other
 3-53 applicable eligibility requirements, including requirements
 3-54 established by the trustee, but is not eligible to enroll in another
 3-55 health benefit plan offered under the group program unless
 3-56 authorized by Subsection (c).

3-57 (c) If the trustee makes another health benefit plan
 3-58 available under Section 1575.158(d), any individual otherwise
 3-59 eligible under this section to enroll in a Medicare Advantage plan
 3-60 or Medicare prescription drug plan is eligible to enroll in that
 3-61 health benefit plan.

3-62 SECTION 13. Section 1575.159, Insurance Code, is amended to
 3-63 read as follows:

3-64 Sec. 1575.159. COVERAGE FOR PROSTATE-SPECIFIC ANTIGEN
 3-65 TEST. A health benefit plan offered under the group program, other
 3-66 than a Medicare Advantage plan or a Medicare prescription drug
 3-67 plan, must provide coverage for a medically accepted
 3-68 prostate-specific antigen test used for the detection of prostate
 3-69 cancer for each male enrolled in the health benefit plan who:

- 4-1 (1) is at least 50 years of age; or
- 4-2 (2) is at least 40 years of age and:
- 4-3 (A) has a family history of prostate cancer; or
- 4-4 (B) exhibits another cancer risk factor.

4-5 SECTION 14. The heading to Section 1575.161, Insurance
 4-6 Code, is amended to read as follows:

4-7 Sec. 1575.161. [~~OPEN ENROLLMENT; ADDITIONAL~~] ENROLLMENT
 4-8 PERIODS.

4-9 SECTION 15. Section 1575.161, Insurance Code, is amended by
 4-10 amending Subsection (a) and adding Subsection (f) to read as
 4-11 follows:

4-12 (a) A retiree, surviving spouse, or surviving dependent
 4-13 child eligible for coverage under the group program may select for
 4-14 that individual and the individual's eligible dependents any
 4-15 coverage provided under this chapter for which each of those
 4-16 individuals [the person] is otherwise eligible:

4-17 (1) on any date that is on or after the date the
 4-18 retiree [person] retires and on or before the 90th day after that
 4-19 date; and

4-20 (2) during any other open enrollment periods for
 4-21 retirees set by the trustee by rule.

4-22 (f) An individual enrolled in a health benefit plan offered
 4-23 under the group program may remain enrolled in that health benefit
 4-24 plan as long as the individual remains eligible for that health
 4-25 benefit plan. If an individual becomes ineligible for a health
 4-26 benefit plan in which the individual is enrolled, the trustee shall
 4-27 enroll the individual in a health benefit plan for which the
 4-28 individual is eligible, if any, in accordance with procedures
 4-29 established by the trustee.

4-30 SECTION 16. Section 1575.164(b), Insurance Code, is amended
 4-31 to read as follows:

4-32 (b) A health benefit plan provided under this chapter, other
 4-33 than a Medicare Advantage plan or a Medicare prescription drug
 4-34 plan, must provide disease management services or coverage for
 4-35 disease management services in the manner required by the Teacher
 4-36 Retirement System of Texas, including:

- 4-37 (1) patient self-management education;
- 4-38 (2) provider education;
- 4-39 (3) evidence-based models and minimum standards of
 4-40 care;

4-41 (4) standardized protocols and participation
 4-42 criteria; and

4-43 (5) physician-directed or physician-supervised care.

4-44 SECTION 17. Section 1575.170(b), Insurance Code, is amended
 4-45 to read as follows:

4-46 (b) A health benefit plan provided under this chapter, other
 4-47 than a Medicare Advantage plan or a Medicare prescription drug
 4-48 plan, that uses a drug formulary in providing a prescription drug
 4-49 benefit must require prior authorization for coverage of the
 4-50 following categories of prescribed drugs if the specific drug
 4-51 prescribed is not included in the formulary:

- 4-52 (1) a gastrointestinal drug;
- 4-53 (2) a cholesterol-lowering drug;
- 4-54 (3) an anti-inflammatory drug;
- 4-55 (4) an antihistamine; and
- 4-56 (5) an antidepressant drug.

4-57 SECTION 18. Section 1575.201, Insurance Code, is amended by
 4-58 amending Subsection (a) and adding Subsection (c) to read as
 4-59 follows:

4-60 (a) The state through the trustee shall contribute from
 4-61 money in the fund an[+]

4-62 [~~(1) the total cost of the basic plan covering each~~
 4-63 ~~participating retiree, and~~

4-64 [~~(2) for each participating dependent, surviving~~
 4-65 ~~spouse, and surviving dependent child, the] amount prescribed by~~

4-66 the General Appropriations Act to cover all or part of the cost for
 4-67 each retiree [of the basic plan covering the dependent], surviving
 4-68 spouse, and surviving dependent child enrolled in a health benefit
 4-69 plan offered under the group program.

5-1 (c) The trustee may spend a part of the money received for
5-2 the group program to offset a part of the costs for dependent
5-3 coverage if the group program is projected to remain financially
5-4 solvent during the currently funded biennium.

5-5 SECTION 19. Section 1575.202(a), Insurance Code, is amended
5-6 to read as follows:

5-7 (a) Each state fiscal year, the state shall contribute to
5-8 the fund an amount equal to 1.25 ~~one~~ percent of the salary of each
5-9 active employee.

5-10 SECTION 20. Section 1575.211(a), Insurance Code, is amended
5-11 to read as follows:

5-12 (a) The total costs for the operation of the group program
5-13 shall be shared among the state, the public schools, the active
5-14 employees, ~~and~~ the retirees, the surviving spouses, and the
5-15 surviving dependent children in the manner prescribed by the
5-16 General Appropriations Act.

5-17 SECTION 21. Section 1575.212, Insurance Code, is amended by
5-18 adding Subsection (a-1) and amending Subsection (b) to read as
5-19 follows:

5-20 (a-1) The trustee shall establish and collect payments for
5-21 the share of total costs allocated under Section 1575.211 to
5-22 retirees, surviving spouses, and surviving dependent children.

5-23 (b) In establishing the payments under Subsection (a-1)
5-24 [ranges for payment of the share of total costs allocated under
5-25 Section 1575.211 to retirees], the trustee may consider various
5-26 factors, including an enrollee's Medicare status, health benefit
5-27 plan election, and dependent coverage [the years of service credit
5-28 accrued by a retiree and may reward those retirees with more years
5-29 of service credit].

5-30 SECTION 22. Section 1575.302, Insurance Code, is amended to
5-31 read as follows:

5-32 Sec. 1575.302. PAYMENTS INTO FUND. The following shall be
5-33 paid into the fund:

5-34 (1) contributions from active employees and the
5-35 state~~[, including contributions for optional coverages];~~

5-36 (2) investment income;

5-37 (3) appropriations for implementation of the group
5-38 program; and

5-39 (4) other money required or authorized to be paid into
5-40 the fund.

5-41 SECTION 23. The following provisions of the Insurance Code
5-42 are repealed:

5-43 (1) Section 1575.103;

5-44 (2) Section 1575.156(b);

5-45 (3) Section 1575.158(b);

5-46 (4) Section 1575.1581;

5-47 (5) Sections 1575.161(b), (c), (d), and (e);

5-48 (6) Section 1575.201(b);

5-49 (7) Section 1575.205;

5-50 (8) Section 1575.211(b); and

5-51 (9) Section 1575.212(a).

5-52 SECTION 24. The changes in law made by this Act apply only
5-53 to health benefits provided under Chapter 1575, Insurance Code, as
5-54 amended by this Act, beginning with the 2018 plan year. A plan year
5-55 before the 2018 plan year is governed by the law as it existed
5-56 immediately before the effective date of this Act, and that law is
5-57 continued in effect for that purpose.

5-58 SECTION 25. This Act takes effect September 1, 2017.

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