SENATE AMENDMENTS

2nd Printing

By: Flynn H.B. No. 4035

A BILL TO BE ENTITLED

relating to eligibility and contributions for coverage under the
relating to eligibility and contributions for coverage under the
state employee group benefits program and health benefit plans
offered by certain university systems.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Subchapter A, Chapter 824, Government Code, is
amended by adding Section 824.0071 to read as follows:
Sec. 824.0071. DEDUCTIONS FROM SERVICE OR DISABILITY
RETIREMENT ANNUITY FOR CERTAIN UNIVERSITY INSURANCE PROGRAM
CONTRIBUTIONS. (a) In this section, "program administrator" means
the person who administers the uniform program under Section
1601.051, Insurance Code.
(b) A retiree who is participating in the uniform program
under Chapter 1601, Insurance Code, may authorize the retirement
system to deduct the amount of the contribution and any other
qualified health insurance premium from the retiree's regular
monthly service or disability retirement annuity payment if the
amount of the monthly annuity is greater than or equal to the amount
of the authorized deduction.
(c) A retiree may authorize the deduction described by
Subsection (b) on a form provided by the program administrator. The
program administrator shall maintain the record of the
authorization made under this section.

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(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 <u>incurred by the retirement system in implementing this section.</u>
- 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 <u>(1) the individual meets the minimum requirements</u>
- 9 under Subsection (c) except that the individual does not have at
- 10 <u>least 10 years of eligible service credit as described by</u>
- 11 Subsection (c)(1);
- 12 (2) the individual has at least 10 years of combined
- 13 <u>service in a position for which the individual was eligible to</u>
- 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.
- 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.
- SECTION 5. Subsection (f), Section 1601.102, Insurance
- 27 Code, as added by Chapter 1266, Acts of the 78th Legislature,

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H.B. No. 4035
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- 1 Regular Session, 2003, is redesignated as Subsection (h), Section
- 2 1601.102, Insurance Code, to read as follows:
- 3 (h) $[\frac{f}{f}]$ 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.
- 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) $\frac{(i)}{(g)}$ Subsection $\frac{(h)}{(f)}$ 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 <u>summer months if the system reasonably expects the individual will</u>
- 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 <u>all contributions required under this chapter for the coverage</u>
- 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 <u>subsequent plan year, the participant must make a contribution</u>
- 26 equal to the contributions not made for the plan year for which
- 27 appropriate contributions were not made during the entire plan

H.B. No. 4035

- 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.

ADOPTED

MAY 2 4 2017

By: Flynn/Huffman

Substitute the following for H.B. No. 4035:

By: 2444 C.S. H.B. No. 4035

A BILL TO BE ENTITLED

1 AN ACT

2 relating to eligibility and contributions for coverage under the

3 state employee group benefits program and health benefit plans

offered by certain university systems. 4

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

6 SECTION 1. Subchapter A, Chapter 824, Government Code, is

amended by adding Section 824.0071 to read as follows: 7

Sec. 824.0071. DEDUCTIONS FROM SERVICE OR DISABILITY 8

RETIREMENT ANNUITY FOR CERTAIN UNIVERSITY INSURANCE PROGRAM

CONTRIBUTIONS. (a) In this section, "program administrator" means 10

the person who administers the uniform program under Section 11

1601.051, Insurance Code. 12

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(b) A retiree who is participating in the uniform program 13

under Chapter 1601, Insurance Code, may authorize the retirement

system to deduct the amount of the contribution and any other

qualified health insurance premium from the retiree's regular

monthly service or disability retirement annuity payment if the 17

amount of the monthly annuity is greater than or equal to the amount 18

of the authorized deduction. 19

20 (c) A retiree may authorize the deduction described by

Subsection (b) on a form provided by the program administrator. The 21

program administrator shall maintain the record of 22

authorization made under this section. 23

2.4 (d) The program administrator shall:

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1
             (1) notify the retirement system of the authorization
2
  under Subsection (b); and
3
             (2) in the manner and form prescribed by the
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- retirement system, provide the retirement system with the names of 4
- the retirees and other relevant information needed by the 5
- 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
- retirees who authorize annuity deductions under Subsection (b). 9
- (f) If a retiree no longer receives a monthly annuity 10
- 11 greater than or equal to the amount of the authorized deduction, the
- 12 retirement system:
- 13 shall inform the program administrator; and
- 14 (2) is not required to make a deduction under this
- 15 section for the retiree.
- (g) The retirement system shall make the authorized 16
- deduction each month until: 17
- 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,

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1 <u>incurred</u> by the retirement system in implementing this section.
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- 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 <u>(1) the individual meets the minimum requirements</u>
- 9 under Subsection (c) except that the individual does not have at
- 10 <u>least 10 years of eligible service credit as described by</u>
- 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 <u>(3) either:</u>
- (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
- (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.
- SECTION 3. Section 1601.053, Insurance Code, is amended by
- 27 adding Subsection (c) to read as follows:

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(c) Notwithstanding any other provision of this chapter, a
1
   system may adjust a plan and coverage standards as necessary to
2
   comply with applicable state and federal law and to provide
3
   consistent eligibility for all plans under the program, including
4
   eligibility for optional coverages.
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          SECTION 4. Section 1601.102, Insurance Code, is amended by
6
   adding Subsection (d-1) to read as follows:
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         (d-1) An individual is eligible to participate in the
8
   uniform program as provided by Subsection (a) if:
9
               (1) the individual meets the minimum requirements
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   under Subsection (b) except that the individual does not have at
11
   least 10 years of service as described by Subsection (b)(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 uniform program or in the group benefits program
15
    under Section 1551.101; and
16
               (3) <u>either:</u>
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 uniform program; or
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                    (B) if the individual's years of employment in
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    positions eligible to participate in the uniform program and the
22
    group benefits program are equal, the individual's last state
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    employment before retirement was in a position for which the
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    individual was eligible to participate in the uniform program.
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          SECTION 5. Subsection (f), Section 1601.102, Insurance
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Code, as added by Chapter 1266, Acts of the 78th Legislature,

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1 Regular Session, 2003, is redesignated as Subsection (h), Section
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- 2 1601.102, Insurance Code, to read as follows:
- 3 (h) $\frac{(f)}{(f)}$ 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
- (ii) any other federal or state statutory
- 19 retirement program to which the system has made employer
- 20 contributions.
- 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) $\frac{(g)}{(g)}$ Subsection $\frac{(h)}{(f)}$ [$\frac{(f)}{(f)}$] 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 1601.1065 to read as follows:
- 7 Sec. 1601.1065. OPTIONAL BASIC COVERAGE PLAN FOR GRADUATE
- 8 STUDENTS. The system may design and offer a separate optional basic
- 9 coverage plan for employees who are graduate students. The system
- 10 shall determine the participation eligibility, coverage, payments,
- 11 contributions, and costs of a plan offered under this section.
- 12 SECTION 8. Subchapter E, Chapter 1601, Insurance Code, is
- 13 amended by adding Sections 1601.2042 and 1601.211 to read as
- 14 follows:
- 15 Sec. 1601.2042. COMPENSATION INSUFFICIENT TO COVER
- 16 DEDUCTION. If a participant's monthly compensation from which the
- 17 participant's contribution is deducted is insufficient to pay the
- 18 participant's contribution for coverage, the system may adopt rules
- 19 under which the system considers the coverage to have terminated
- 20 after the last full month for which the contribution was paid in
- 21 full, as determined by the system.
- Sec. 1601.211. LIABILITY FOR BACK CONTRIBUTIONS FOR DROPPED
- 23 COVERAGE. (a) This section applies to a participant in the uniform
- 24 program for whom appropriate contributions were not made during the
- 25 entire plan year because of nonpayment of premiums.
- (b) As a condition of enrollment in the same coverage for a
- 27 subsequent plan year, the participant must make a contribution

- 1 equal to the contributions not made for the plan year for which
- 2 appropriate contributions were not made during the entire plan
- 3 year, unless the nonpayment of premiums was related to a qualified
- 4 change in status, as determined by the system. The payment shall be
- 5 made in the form and manner determined by the system.
- 6 SECTION 9. The changes in law made by this Act apply only to
- 7 group coverages provided under Chapter 1601, Insurance Code,
- 8 beginning with the 2017-2018 plan year. A plan year before
- 9 2017-2018 is governed by the law as it existed immediately before
- 10 the effective date of this section, and that law is continued in
- 11 effect for that purpose.
- 12 SECTION 10. (a) Except as provided by Subsection (b) of
- 13 this section, this Act takes effect immediately if it receives a
- 14 vote of two-thirds of all the members elected to each house, as
- 15 provided by Section 39, Article III, Texas Constitution. If this
- 16 Act does not receive the vote necessary for immediate effect, this
- 17 Act takes effect September 1, 2017.
- 18 (b) Section 824.0071, Government Code, as added by this Act,
- 19 takes effect January 1, 2018.

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 25, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB4035 by Flynn (Relating to eligibility and contributions for coverage under the state employee group benefits program and health benefit plans offered by certain university systems.), As Passed 2nd House

No significant fiscal implication to the State is anticipated.

The bill would allow a retiree under the state employee group benefits program or the uniform programs offered by certain university systems to authorize the retirement system to deduct the amount of the contribution and any qualified health insurance premium from the retiree's regular monthly service or disability retirement annuity payment. The bill also allows certain employees to combine their years of service in a position for which the employee was eligible to participate in the group benefits program in order to be eligible to deduct from their annuity payment.

Based on information provided by The University of Texas System, Texas A&M University System, Employees Retirement System and the Teacher Retirement System, any costs associated with implementing the provisions of the bill could be covered utilizing existing resources.

The bill would take effect immediately if it receives a two-thirds vote, otherwise it would take effect on September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 710

Texas A&M University System Administrative and General Offices, 720

The University of Texas System Administration

LBB Staff: UP, SD, AG, DEH, ESC

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 19, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB4035 by Flynn (Relating to eligibility and contributions for coverage under the state employee group benefits program and health benefit plans offered by certain university systems.), Committee Report 2nd House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would allow a retiree under the state employee group benefits program or the uniform programs offered by certain university systems to authorize the retirement system to deduct the amount of the contribution and any qualified health insurance premium from the retiree's regular monthly service or disability retirement annuity payment. The bill also allows certain employees to combine their years of service in a position for which the employee was eligible to participate in the group benefits program in order to be eligible to deduct from their annuity payment.

Based on information provided by The University of Texas System, Texas A&M University System, Employees Retirement System and the Teacher Retirement System, any costs associated with implementing the provisions of the bill could be covered utilizing existing resources.

The bill would take effect immediately if it receives a two-thirds vote, otherwise it would take effect on September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

323 Teacher Retirement System, 327 Employees Retirement System, 710

Texas A&M University System Administrative and General Offices, 720

The University of Texas System Administration

LBB Staff: UP, AG, DEH, ESC

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 16, 2017

TO: Honorable Joan Huffman, Chair, Senate Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB4035 by Flynn (Relating to eligibility and contributions for coverage under the state employee group benefits program and health benefit plans offered by certain university systems.), As Engrossed

No significant fiscal implication to the State is anticipated.

The bill would allow a retiree under the state employee group benefits program or the uniform programs offered by certain university systems to authorize the retirement system to deduct the amount of the contribution and any qualified health insurance premium from the retiree's regular monthly service or disability retirement annuity payment. The bill also allows certain employees to combine their years of service in a position for which the employee was eligible to participate in the group benefits program in order to be eligible to deduct from their annuity payment. The bill would allow a university system to consider an employee eligible to continue participating in the uniform program during a break in service during the summer months if the system reasonably expects the employee will be reemployed after the break in service.

Based on information provided by The University of Texas System, Texas A&M University System, and the Teacher Retirement System, it is assumed that any costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect immediately if it receives a two-thirds vote, otherwise it would take effect on September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 710

Texas A&M University System Administrative and General Offices, 720

The University of Texas System Administration

LBB Staff: UP, AG, DEH, ESC, KFa, TSI

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 17, 2017

TO: Honorable Dan Flynn, Chair, House Committee on Pensions

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB4035 by Flynn (Relating to eligibility and contributions for coverage under the state employee group benefits program and health benefit plans offered by certain university systems.), Committee Report 1st House, Substituted

No significant fiscal implication to the State is anticipated.

The bill would allow a retiree under the state employee group benefits program or the uniform programs offered by certain university systems to authorize the retirement system to deduct the amount of the contribution and any qualified health insurance premium from the retiree's regular monthly service or disability retirement annuity payment. The bill also allows certain employees to combine their years of service in a position for which the employee was eligible to participate in the group benefits program in order to be eligible to deduct from their annuity payment. The bill would allow a university system to consider an employee eligible to continue participating in the uniform program during a break in service during the summer months if the system reasonably expects the employee will be reemployed after the break in service.

Based on information provided by The University of Texas System, Texas A&M University System, and the Teacher Retirement System, it is assumed that any costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect immediately if it receives a two-thirds vote, otherwise it would take effect on September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 710

Texas A&M University System Administrative and General Offices, 720

The University of Texas System Administration

LBB Staff: UP, AG, DEH, ESC, KFa, TSI

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 8, 2017

TO: Honorable Dan Flynn, Chair, House Committee on Pensions

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB4035 by Flynn (Relating to eligibility and contributions for coverage under the state employee group benefits program and health benefit plans offered by certain university systems.), As Introduced

No significant fiscal implication to the State is anticipated.

The bill would allow a retiree under the state employee group benefits program or the uniform programs offered by certain university systems to authorize the retirement system to deduct the amount of the contribution and any qualified health insurance premium from the retiree's regular monthly service or disability retirement annuity payment. The bill also allows certain employees to combine their years of service in a position for which the employee was eligible to participate in the group benefits program in order to be eligible to deduct from their annuity payment. The bill would allow a university system to consider an employee eligible to continue participating in the uniform program during a break in service in between school years if the system reasonably expects the employee will be reemployed after the break in service.

Based on information provided by The University of Texas System, Texas A&M University System, and the Teacher Retirement System, it is assumed that any costs associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect immediately if it receives a two-thirds vote, otherwise it would take effect on September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 327 Employees Retirement System, 710

Texas A&M University System Administrative and General Offices, 720

The University of Texas System Administration

LBB Staff: UP, AG, DEH, ESC