

By: King of Hemphill

H.B. No. 4076

A BILL TO BE ENTITLED

AN ACT

relating to benefits administered by the Teacher Retirement System of Texas.

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

ARTICLE 1. TEACHER RETIREMENT SYSTEM COST-OF-LIVING ADJUSTMENT

SECTION 1.01. Subchapter H, Chapter 824, Government Code, is amended by adding Section 824.703 to read as follows:

Sec. 824.703. ADDITIONAL COST-OF-LIVING ADJUSTMENT. (a) Notwithstanding Section 824.702 and subject to Section 821.006, the retirement system shall make a one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity, as provided by this section.

(b) Subject to Subsections (c) and (d), to be eligible for the adjustment, a person must be, on the effective date of the adjustment and disregarding any forfeiture of benefits under Section 824.601, an annuitant eligible to receive:

(1) a standard service or disability retirement annuity payment;

(2) an optional service or disability retirement annuity payment as either a retiree or beneficiary;

(3) an annuity payment under Section 824.402(a)(3) or (4);

(4) an annuity payment under Section 824.502; or

(5) an alternate payee annuity payment under Section

1 804.005.

2 (c) If the annuitant:

3 (1) is a retiree or is a beneficiary under an optional
4 retirement payment plan, to be eligible for the adjustment under
5 this section:

6 (A) the annuitant must be living on the effective
7 date of the adjustment; and

8 (B) the effective date of the retirement of the
9 member of the retirement system must have been on or before August
10 31, 2019;

11 (2) is a beneficiary under Section 824.402(a)(3) or
12 (4) or 824.502, to be eligible for the adjustment:

13 (A) the annuitant must be living on the effective
14 date of the adjustment; and

15 (B) the date of death of the member of the
16 retirement system must have been on or before August 31, 2019; or

17 (3) is an alternate payee under Section 804.005, the
18 annuitant is eligible for the adjustment only if the effective date
19 of the election to receive the annuity payment was on or before
20 August 31, 2019.

21 (d) An adjustment made under this section does not apply to
22 payments under:

23 (1) Section 824.203(d), relating to retirees who
24 receive a standard service retirement annuity in an amount fixed by
25 statute;

26 (2) Section 824.304(a), relating to disability
27 retirees with less than 10 years of service credit;

1 (3) Section 824.304(b)(2), relating to disability
2 retirees who receive a disability annuity in an amount fixed by
3 statute;

4 (4) Section 824.404(a), relating to active member
5 survivor beneficiaries who receive a survivor annuity in an amount
6 fixed by statute;

7 (5) Section 824.501(a), relating to retiree survivor
8 beneficiaries who receive a survivor annuity in an amount fixed by
9 statute; or

10 (6) Section 824.804(b), relating to participants in
11 the deferred retirement option plan with regard to payments from
12 their deferred retirement option plan accounts.

13 (e) An adjustment under this section:

14 (1) must be made beginning with an annuity payable for
15 the month of December 2019; and

16 (2) is limited to an amount equal to 20 percent of the
17 monthly benefit subject to the increase.

18 (f) The board of trustees shall determine the eligibility
19 for and the amount of any adjustment in monthly annuities in
20 accordance with this section.

21 ARTICLE 2. TRANSFERRING COVERAGE PROVIDED TO ACTIVE EDUCATION
22 EMPLOYEES FROM TEXAS SCHOOL EMPLOYEES UNIFORM GROUP HEALTH COVERAGE
23 ACT TO TEXAS EMPLOYEES GROUP BENEFITS ACT

24 SECTION 2.01. Section 1551.004(b), Insurance Code, is
25 amended to read as follows:

26 (b) In this section, "child" includes:

27 (1) a natural child, adopted child, stepchild, foster

1 child, or child in the possession of a participant who is designated
2 as managing conservator of the child under an irrevocable or
3 unrevoked affidavit of relinquishment under Chapter 161, Family
4 Code; or

5 (2) a child who is related by blood or marriage and was
6 claimed as a dependent on the federal income tax return of an
7 individual who is eligible to participate in the group benefits
8 program under Section 1551.101 or 1551.102 or as an education
9 employee under Subchapter D-1 for the calendar year preceding the
10 plan year in which the child is first enrolled as a dependent under
11 Subchapter D, and for each subsequent year in which the child is
12 enrolled as a dependent.

13 SECTION 2.02. Section 1551.151, Insurance Code, is amended
14 to read as follows:

15 Sec. 1551.151. ENTITLEMENT TO COVERAGE. An individual who
16 is eligible to participate in the group benefits program under
17 Section 1551.101, 1551.102, [~~or~~] 1551.1022, or 1551.167 is entitled
18 to secure for a dependent of the individual any group coverages
19 provided under this chapter, as determined by the board of trustees
20 and subject to the exceptions provided by this subchapter.

21 SECTION 2.03. Chapter 1551, Insurance Code, is amended by
22 adding Subchapter D-1 to read as follows:

23 SUBCHAPTER D-1. COVERAGE AND PARTICIPATION OF EDUCATION EMPLOYEES

24 Sec. 1551.161. DEFINITIONS. In this subchapter:

25 (1) "Charter school" means an open-enrollment charter
26 school established under Subchapter D, Chapter 12, Education Code.

27 (2) "Education employee" means a participating member

1 of the Teacher Retirement System of Texas who is employed by a
2 participating education entity and who is not receiving coverage
3 from a program under Chapter 1575 or 1601. The term does not
4 include an individual performing personal services as an
5 independent contractor.

6 (3) "Full-time education employee" and "part-time
7 education employee" have the meanings assigned by rules adopted by
8 the board of trustees.

9 (4) "Participating education entity" means an entity
10 that elects or is required to participate under this subchapter in
11 the group benefits program established under this chapter. The
12 term includes:

13 (A) a school district;

14 (B) another educational district whose employees
15 are members of the Teacher Retirement System of Texas;

16 (C) a regional education service center; and

17 (D) a charter school that meets the requirements
18 of Section 1551.166.

19 (5) "Regional education service center" means a
20 regional education service center established under Chapter 8,
21 Education Code.

22 Sec. 1551.162. REFERENCES TO COVERAGE PLAN. A reference in
23 this code to a "primary care coverage plan" or "health benefit plan"
24 under former Chapter 1579 means a basic coverage plan provided to
25 eligible education employees under this subchapter.

26 SECTION 2.04. Sections 1579.151, 1579.152, 1579.153, and
27 1579.154, Insurance Code, are transferred to Subchapter D-1,

1 Insurance Code, as added by this Act, redesignated as Sections
2 1551.163, 1551.164, 1551.165, and 1551.166, Insurance Code, and
3 amended to read as follows:

4 Sec. 1551.163 [~~1579.151~~]. REQUIRED PARTICIPATION OF SCHOOL
5 DISTRICTS WITH 500 OR FEWER EDUCATION EMPLOYEES. (a) Each school
6 district with 500 or fewer education employees and each regional
7 education service center is required to participate in the group
8 benefits program.

9 (b) Notwithstanding Subsection (a), a school district
10 otherwise subject to Subsection (a) that, on January 1, 2001, was
11 individually self-funded for the provision of health coverage to
12 its education employees may elect not to participate in the group
13 benefits program.

14 (c) An educational district described by Section
15 1551.161(4)(B) [~~1579.002(5)(B)~~] that, on January 1, 2001, had 500
16 or fewer education employees may elect not to participate in the
17 group benefits program.

18 Sec. 1551.164 [~~1579.152~~]. PARTICIPATION OF OTHER SCHOOL
19 DISTRICTS. A [~~Effective September 1, 2005, a~~] school district with
20 more than 500 education employees may elect to participate in the
21 group benefits program. A school district that elects to
22 participate under this section shall apply for participation in the
23 manner prescribed by the board of trustees [~~trustee~~] by rule.

24 Sec. 1551.165 [~~1579.153~~]. PARTICIPATION BY CERTAIN RISK
25 POOLS. (a) In determining the number of education employees of a
26 school district for purposes of Sections 1551.163 [~~1579.151~~] and
27 1551.164 [~~1579.152~~], school districts that, on January 1, 2001,

1 were members of a risk pool established under the authority of
2 Chapter 172, Local Government Code, as provided by Section 22.004,
3 Education Code, are ~~[may elect to be]~~ treated as a single unit if an
4 appropriate election was made~~[. A school district shall elect~~
5 ~~whether to be considered as a member of a risk pool under this~~
6 ~~section]~~ by notifying the Teacher Retirement System of Texas
7 ~~[trustee]~~ not later than September 1, 2001.

8 (b) A risk pool in existence on January 1, 2001, that, as of
9 that date, provided group health coverage to 500 or fewer school
10 district education employees may elect to participate in the group
11 benefits program.

12 (c) A school district with 500 or fewer education employees
13 that is a member of a risk pool described by Subsection (a) that
14 provides group health coverage to more than 500 school district
15 education employees is ~~[must elect, not later than September 1,~~
16 ~~2001, whether to be]~~ treated as a school district with 500 or fewer
17 education employees or as part of a unit with more than 500
18 education employees in accordance with the election made by
19 notification to~~[. The school district must notify]~~ the Teacher
20 Retirement System of Texas ~~[trustee of the election, in the manner~~
21 ~~prescribed by the trustee,]~~ not later than September 1, 2001.

22 (d) For purposes of this section, participation in the group
23 benefits program by school districts covered by a risk pool is
24 limited to school districts covered by the risk pool as of January
25 1, 2001.

26 Sec. 1551.166 [~~1579.154~~]. PARTICIPATION BY CHARTER
27 SCHOOLS; ELIGIBILITY. (a) A charter school is eligible to

1 participate in the group benefits program if the school agrees:

2 (1) that all records of the school relating to
3 participation in the group benefits program are open to inspection
4 by the board of trustees [~~trustee~~], the administering firm, the
5 commissioner of education, or a designee of any of those entities;
6 and

7 (2) to have the school's accounts relating to
8 participation in the group benefits program annually audited by a
9 certified public accountant at the school's expense.

10 (b) A charter school must notify the board of trustees
11 [~~trustee~~] of the school's intent to participate in the group
12 benefits program in the manner and within the time required by rules
13 adopted by the board of trustees [~~trustee~~].

14 SECTION 2.05. Sections [1579.202](#), [1579.203](#), [1579.204](#), and
15 [1579.205](#), Insurance Code, are transferred to Subchapter D-1,
16 Insurance Code, as added by this Act, redesignated as Sections
17 1551.167, 1551.168, 1551.169, and 1551.170, Insurance Code, and
18 amended to read as follows:

19 Sec. 1551.167 [[1579.202](#)]. ELIGIBLE EDUCATION EMPLOYEES.

20 (a) Except as provided by Section 1551.169 [[1579.204](#)],
21 participation under this subchapter in the group benefits program
22 is limited to education employees of participating education
23 entities who are full-time employees and to part-time employees who
24 are participating members in the Teacher Retirement System of
25 Texas.

26 (b) An education employee described by Subsection (a) who
27 applies for coverage during an open enrollment period prescribed by

1 the board of trustees [~~trustee~~] is automatically covered by the
2 basic [~~catastrophic care~~] coverage plan for employees unless the
3 employee:

4 (1) specifically waives coverage under this chapter;
5 or

6 (2) [~~selects a higher tier coverage plan; or~~
7 [~~3~~] is expelled from the program.

8 Sec. 1551.168 [~~1579.203~~]. SELECTION OF COVERAGE. (a) A
9 participating education employee may select coverage in any
10 coverage plan offered by the board of trustees [~~trustee~~].

11 (b) The education employee is not required to continue
12 participation in the coverage plan initially selected and may
13 select a different [~~higher or lower tier~~] coverage plan than the
14 plan initially selected by the employee in the manner provided by
15 rules adopted by the board of trustees [~~trustee~~].

16 (c) If the combined contributions received from the state
17 and the employing participating education entity under this
18 subchapter [~~Subchapter F~~] exceed the cost of a coverage plan
19 selected by the education employee, the employee may use the excess
20 amount of contributions to obtain optional coverages provided
21 [~~coverage~~] under this chapter [~~a higher tier coverage plan~~] or to
22 pay all or part of the cost of coverage for the employee's
23 dependents.

24 (d) A married couple, both of whom are eligible for coverage
25 under this subchapter under the group benefits program, may pool
26 the amount of contributions to which the couple are entitled under
27 this subchapter [~~the program~~] to obtain coverage for themselves and

1 dependent coverage.

2 Sec. 1551.169 [~~1579.204~~]. CERTAIN PART-TIME EDUCATION
3 EMPLOYEES. A part-time education employee of a participating
4 education entity who is not a participating member in the Teacher
5 Retirement System of Texas is eligible to participate in the
6 program only if the employee pays all of the premiums and other
7 costs associated with the health coverage plan selected by the
8 employee.

9 Sec. 1551.170 [~~1579.205~~]. PAYMENT BY PARTICIPATING
10 EDUCATION ENTITY. Notwithstanding Section 1551.169 [~~1579.204~~], a
11 participating education entity may pay any portion of what
12 otherwise would be the employee share of premiums and other costs
13 associated with the coverage selected by the education employee.

14 SECTION 2.06. Sections 1579.251, 1579.252, 1579.253,
15 1579.254, and 1579.255, Insurance Code, are transferred to
16 Subchapter D-1, Insurance Code, as added by this Act, redesignated
17 as Sections 1551.171, 1551.172, 1551.173, 1551.174, and 1551.175,
18 Insurance Code, and amended to read as follows:

19 Sec. 1551.171 [~~1579.251~~]. STATE ASSISTANCE. (a) The state
20 shall assist education employees of participating school districts
21 and charter schools in the purchase of group health coverage under
22 this chapter by providing for each covered education employee the
23 amount of \$900 each state fiscal year or a greater amount as
24 provided by the General Appropriations Act. The state contribution
25 shall be distributed through the school finance formulas under
26 Chapters 41 and 42, Education Code, and used by school districts and
27 charter schools as provided by Section 42.260, Education Code.

1 (b) The state shall assist education employees of
2 participating regional education service centers and educational
3 districts described by Section 1551.161(4)(B) [~~1579.002(5)(B)~~] in
4 the purchase of group health coverage under this chapter by
5 providing to the employing service center or educational district,
6 for each covered education employee, the amount of \$900 each state
7 fiscal year or a greater amount as provided by the General
8 Appropriations Act.

9 Sec. 1551.172 [~~1579.252~~]. CONTRIBUTION BY PARTICIPATING
10 EDUCATION ENTITIES. A participating education entity shall make
11 contributions for the program as provided by Chapter 1581.

12 Sec. 1551.173 [~~1579.253~~]. CONTRIBUTION BY EDUCATION
13 EMPLOYEE. (a) An education employee covered by the group benefits
14 program shall pay that portion of the cost of coverage selected by
15 the employee that exceeds the amount of the state contribution
16 under Section 1551.171 [~~1579.251~~] and the participating education
17 entity contribution under Section 1551.172 in the manner required
18 by the board of trustees [~~1579.252~~].

19 (b) The education employee may pay the employee's
20 contribution under this subsection from the amount distributed to
21 the employee under Subchapter D, Chapter 22, Education Code.

22 (c) Notwithstanding Subsection (a), a participating
23 education entity may pay any portion of what otherwise would be the
24 employee share of premiums and other costs associated with the
25 coverage selected by the education employee.

26 Sec. 1551.174 [~~1579.254~~]. CONTRIBUTIONS HELD IN TRUST FOR
27 FUND. A participating education entity:

1 (1) shall hold contributions required by this
2 subchapter in trust for the Texas school employees uniform group
3 coverage trust fund and its participants; and

4 (2) may not divert the contributions for any other
5 purpose.

6 Sec. 1551.175 [~~1579.255~~]. INTEREST ASSESSED ON LATE
7 PAYMENT OF CONTRIBUTIONS BY PARTICIPATING EDUCATION ENTITIES. (a)
8 A participating education entity that does not remit to the board of
9 trustees [~~trustee~~] all contributions required by this subchapter
10 before the seventh day after the last day of the month shall pay to
11 the Texas school employees uniform group coverage trust fund:

12 (1) the contributions; and

13 (2) interest on the unpaid amounts at the annual rate
14 of six percent compounded monthly.

15 (b) On request, the board of trustees [~~trustee~~] may grant a
16 waiver of the deadline imposed by this section based on a
17 participating education entity's financial or technological
18 resources.

19 SECTION 2.07. Section 1579.301, Insurance Code, is
20 transferred to Subchapter D-1, Insurance Code, as added by this
21 Act, and redesignated as Section 1551.176, Insurance Code, to read
22 as follows:

23 Sec. 1551.176 [~~1579.301~~]. FUND; ADMINISTRATION. The Texas
24 school employees uniform group coverage trust fund is a trust fund
25 with the comptroller.

26 SECTION 2.08. Sections 1579.302, 1579.303, and 1579.304,
27 Insurance Code, are transferred to Subchapter D-1, Insurance Code,

1 as added by this Act, redesignated as Sections 1551.177, 1551.178,
2 and 1551.179, Insurance Code, and amended to read as follows:

3 Sec. 1551.177 [~~1579.302~~]. COMPOSITION OF FUND. The Texas
4 school employees uniform group coverage trust fund is composed of:

5 (1) all contributions made to the fund under this
6 subchapter [~~chapter~~] from education employees, participating
7 education entities, and the state;

8 (2) contributions made by education employees or
9 participating education entities for optional coverages;

10 (3) investment income;

11 (4) any additional amounts appropriated by the
12 legislature for contingency reserves, administrative expenses, or
13 other expenses; and

14 (5) any other money required or authorized to be paid
15 into the fund.

16 Sec. 1551.178 [~~1579.303~~]. PAYMENTS FROM FUND. The board
17 of trustees [~~trustee~~] may use amounts in the Texas school employees
18 uniform group coverage trust fund only to provide group coverages
19 to eligible education employees under the group benefits program
20 [~~this chapter~~] and to pay the expenses of administering the group
21 benefits program for participating education entities.

22 Sec. 1551.179 [~~1579.304~~]. INVESTMENT OF FUND. The board of
23 trustees [~~trustee~~] may invest assets of the Texas school employees
24 uniform group coverage trust fund in the manner provided by Section
25 67(a)(3), Article XVI, Texas Constitution.

26 SECTION 2.09. Section 1501.009(b), Insurance Code, is
27 amended to read as follows:

1 (b) An independent school district that is participating in
2 the state employees [~~uniform~~] group benefits [~~coverage~~] program
3 established under Chapter 1551 [~~1579~~] may not participate in the
4 small employer market under this section for health insurance
5 coverage [~~and may not renew a health insurance contract obtained in~~
6 ~~accordance with this section after the date on which the program of~~
7 ~~coverages provided under Chapter 1579 is implemented~~]. This
8 subsection does not affect a contract for the provision of optional
9 coverages not included in a health benefit plan under this chapter.

10 SECTION 2.10. Section 1581.001(2), Insurance Code, is
11 amended to read as follows:

12 (2) "Participating charter school" means an
13 open-enrollment charter school established under Subchapter D,
14 Chapter 12, Education Code, that participates in the [~~uniform~~]
15 group benefits [~~coverage~~] program established under Chapter 1551
16 [~~1579~~].

17 SECTION 2.11. Sections 22.004(a), (c), (i), and (j),
18 Education Code, are amended to read as follows:

19 (a) A district shall participate in the state employees
20 [~~uniform~~] group benefits [~~coverage~~] program established under
21 Chapter 1551 [~~1579~~], Insurance Code, as provided by Subchapter D-1
22 [~~D~~] of that chapter.

23 (c) The cost of the coverage provided under the program
24 described by Subsection (a) shall be paid by the state, the
25 district, and the employees in the manner provided by Subchapter
26 D-1 [~~F~~], Chapter 1551 [~~1579~~], Insurance Code. The cost of coverage
27 provided under a plan adopted under Subsection (b) shall be shared

1 by the employees and the district using the contributions by the
2 state described by Subchapter D-1 [~~F~~], Chapter 1551 [~~1579~~],
3 Insurance Code, or Subchapter D.

4 (i) Notwithstanding any other provision of this section, a
5 district participating in the state employees [~~uniform~~] group
6 benefits [~~coverage~~] program established under Chapter 1551 [~~1579~~],
7 Insurance Code, may not make group health coverage available to its
8 employees under this section after the date on which the program of
9 coverages provided under Chapter 1551 [~~1579~~], Insurance Code, is
10 implemented.

11 (j) This section does not preclude a district that is
12 participating in the state employees [~~uniform~~] group benefits
13 [~~coverage~~] program established under Chapter 1551 [~~1579~~],
14 Insurance Code, from entering into contracts to provide optional
15 insurance coverages for the employees of the district.

16 SECTION 2.12. Section 22.101(3), Education Code, is amended
17 to read as follows:

18 (3) "Participating charter school" means an
19 open-enrollment charter school established under Subchapter D,
20 Chapter 12, that participates in the group benefits program
21 established under Chapter 1551 [~~1579~~], Insurance Code.

22 SECTION 2.13. Sections 42.260(a) and (c), Education Code,
23 are amended to read as follows:

24 (a) In this section, "participating charter school" means
25 an open-enrollment charter school that participates in the state
26 employees [~~uniform~~] group benefits [~~coverage~~] program established
27 under Chapter 1551 [~~1579~~], Insurance Code.

1 (c) Notwithstanding any other provision of this code, a
2 school district or participating charter school may use the sum of
3 the following amounts of funds only to pay contributions under a
4 group health coverage plan for district or school employees:

5 (1) the amount determined by multiplying the amount of
6 \$900 or the amount specified in the General Appropriations Act for
7 that year for purposes of the state contribution under Section
8 1551.171 [~~1579.251~~], Insurance Code, by the number of district or
9 school employees who participate in a group health coverage plan
10 provided by or through the district or school; and

11 (2) the difference between the amount necessary for
12 the district or school to comply with Section 1581.052, Insurance
13 Code, for the school year and the amount the district or school is
14 required to use to provide health coverage under Section 1581.051,
15 Insurance Code, for that year.

16 SECTION 2.14. The following provisions of the Insurance
17 Code are repealed:

- 18 (1) Subchapters A, B, and C, Chapter 1579;
19 (2) the headings to Subchapters D and E, Chapter 1579;
20 (3) Section 1579.201; and
21 (4) the headings to Subchapters F and G, Chapter 1579.

22 SECTION 2.15. (a) In this section, "program" means the
23 uniform group coverage program under Chapter 1579, Insurance Code,
24 as it existed before amendment by this Act.

25 (b) Effective September 1, 2020:

26 (1) all functions and activities of the Teacher
27 Retirement System of Texas under Chapter 1579, Insurance Code,

1 before that date are transferred to the Employees Retirement System
2 of Texas;

3 (2) all rules, fees, policies, procedures, decisions,
4 and forms of the Teacher Retirement System of Texas related to the
5 program become applicable rules, fees, policies, procedures,
6 decisions, and forms of the Employees Retirement System of Texas
7 until changed by the board of trustees of that system;

8 (3) a complaint, investigation, contested case, or
9 other proceeding related to the program that is pending on
10 September 1, 2020, is transferred without change in status to the
11 Employees Retirement System of Texas;

12 (4) the management of the Texas school employees
13 uniform group coverage trust fund and all other money, contracts,
14 property, and obligations related to the program are transferred to
15 the Employees Retirement System of Texas; and

16 (5) the unexpended and unobligated balance of any
17 money appropriated by the legislature for the program for the
18 purpose of administering the program is transferred to the
19 Employees Retirement System of Texas.

20 (c) The Teacher Retirement System of Texas shall provide to
21 the Employees Retirement System of Texas the records and other
22 information necessary for the Employees Retirement System of Texas
23 to implement its duties under this Act.

24 SECTION 2.16. The changes in law made by this article apply
25 only to group coverage provided under Chapter 1551, Insurance Code,
26 or Chapter 1579, Insurance Code, for a plan year beginning on or
27 after September 1, 2020. A plan year that begins before that date is

1 governed by the law as it existed immediately before the effective
2 date of this Act, and that law is continued in effect for that
3 purpose.

4 ARTICLE 3. TERMINATION OF TEXAS PUBLIC SCHOOL EMPLOYEES GROUP
5 INSURANCE PROGRAM FOR RETIREES

6 SECTION 3.01. Chapter 1575, Insurance Code, is amended by
7 adding Subchapters L and M to read as follows:

8 SUBCHAPTER L. TERMINATION OF GROUP PROGRAM

9 Sec. 1575.551. PROGRAM TERMINATION. Subject to Section
10 1575.552, effective September 1, 2019, the group program is
11 terminated.

12 Sec. 1575.552. COVERAGE ELIGIBILITY TERMINATES; PHASE-OUT
13 PERIOD. (a) An individual who is not a participant in the group
14 program on August 31, 2019, is not entitled to obtain coverage under
15 the group program after that date.

16 (b) An individual who is a participant in the group program
17 on August 31, 2019, and who is, on September 1, 2019, eligible to
18 participate in Medicare, is not entitled to continue coverage under
19 the group program after August 31, 2019.

20 (c) An individual who is a participant in the group program
21 on August 31, 2019, but who is not, on September 1, 2019, eligible
22 to participate in Medicare, may continue coverage under the group
23 program in accordance with this subchapter until the earlier of:

24 (1) the date the individual first becomes eligible to
25 participate in Medicare; or

26 (2) September 1, 2029.

27 Sec. 1575.553. AUTHORIZED COVERAGE. Notwithstanding

1 Section 1575.151, on and after September 1, 2019, the group program
2 may not offer coverage other than health benefit plan coverage.

3 Sec. 1575.554. EXCESS GROUP INSURANCE FUND MONEY. (a) Not
4 later than December 31, 2019, the trustee shall determine the
5 amount of money required to fund coverage for individuals under
6 Section 1575.552(c) for the 2019-2020 fiscal year and shall certify
7 that amount to the comptroller.

8 (b) As soon as practicable after January 1, 2020, the
9 trustee shall, notwithstanding Section 1575.206, pay to each
10 retiree participating in the group program on August 31, 2019, an
11 equal share of the amount by which the money in the group insurance
12 fund exceeds the amount of money determined under Subsection (a).

13 Sec. 1575.555. REDUCTION IN CONTRIBUTIONS. (a) Beginning
14 not later than June 1, 2020, the trustee shall annually determine
15 the amount of money required to fund coverage for individuals under
16 Section 1575.552(c) for the subsequent fiscal year. The trustee
17 shall certify that amount to the comptroller.

18 (b) The trustee, in consultation with the comptroller, may
19 annually adjust the amounts of contributions to be made under
20 Sections 1575.201, 1575.202, 1575.203, and 1575.204, to the extent
21 that the trustee determines that money otherwise to be contributed
22 under those sections for a fiscal year will exceed the amount
23 determined to be required for that fiscal year under Subsection
24 (a).

25 Sec. 1575.556. FINAL RECONCILIATION; TERMINATION OF FUND.
26 As soon as practicable after August 31, 2029, the trustee, in
27 consultation with the comptroller, shall determine any

1 unencumbered amount remaining in the group insurance fund. The
2 trustee shall pay that amount in equal shares to individuals
3 participating in the program on August 31, 2029.

4 Sec. 1575.557. GROUP PROGRAM AND GROUP INSURANCE FUND
5 ABOLISHED. Effective September 1, 2029, the group program and the
6 group insurance fund are abolished.

7 Sec. 1575.558. DUTIES OF THE TRUSTEE. (a) The trustee
8 shall implement a plan for the orderly termination of the group
9 program in accordance with this subchapter.

10 (b) The determinations made by the trustee under Sections
11 1575.554 and 1575.555 must be actuarially justified.

12 SUBCHAPTER M. EXPIRATION OF CHAPTER

13 Sec. 1575.601. EXPIRATION OF CHAPTER. This chapter expires
14 September 1, 2030.

15 ARTICLE 4. EFFECTIVE DATE

16 SECTION 4.01. This Act takes effect September 1, 2019.