

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 24, 2019**

**TO:** Honorable Jim Murphy, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB2567** by Capriglione (Relating to enrollment of certain retirees in the Texas Public School Employees Group Insurance Program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2567, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from RETIREESCHOOL EMP GROUP INSURANCE 989</b>
2020	(\$72,257,283)
2021	(\$119,835,501)
2022	(\$134,631,615)
2023	(\$151,770,521)
2024	(\$169,823,739)

## **Fiscal Analysis**

The bill would amend the Insurance Code to allow certain Medicare-eligible retirees of the Teacher Retirement System (TRS) whose initial enrollment was voluntarily terminated from September 1, 2017 to December 31, 2018 to re-enroll in the TRS-Care program by December 31, 2023.

## **Methodology**

TRS assumes that 22,631 Medicare eligible retirees voluntarily withdrew from the TRS-Care program during the time period described by the bill. TRS further assumes all of these members would re-enroll in TRS-Care for the plan year that begins January 1, 2020. TRS estimates premiums paid by re-enrolled members would total \$26.9 million in fiscal year 2020, \$39.6 million in fiscal year 2021, declining to \$37.5 million in fiscal year 2024. TRS further estimates claims costs for the re-enrolled members would total \$99.1 million in fiscal year 2020, \$159.5 million in fiscal year 2021, increasing to \$207.3 million in fiscal year 2024. The resulting net cost to the Retired School Employee Group Insurance Trust Fund would total \$72.3 million in fiscal year 2020, \$119.8 million in fiscal year 2021, increasing to \$169.8 million in fiscal year 2024.

The bill would not amend the statutorily required contribution rates to the TRS-Care program, therefore no impact to General Revenue is anticipated. However, this analysis assumes increased costs to the program may result in a need for increased contributions from the state, public education employers, and/or employees.

## **Local Government Impact**

This analysis assumes increased costs to the TRS-Care program may result in a need for increased contributions from the state, public education employers, and/or employees.

**Source Agencies:** 323 Teacher Retirement System

**LBB Staff:** WP, CMa, AM, ASa