

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 2019

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

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

IN RE: **SB1682** by Huffman (relating to establishing a contingency reserve account under the Texas Public School Employees Group Insurance Program.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would require the Teacher Retirement System (TRS) Board of Trustees to request funding from the Legislature sufficient to maintain a balance in a contingency reserve fund equal to 60 days of average projected claims and administrative costs for the TRS-Care program for the following state fiscal biennium. This analysis assumes that the Legislature would not be required to appropriate funding requested under the bill, therefore, no significant fiscal implication is anticipated.

TRS assumes it would begin requesting the contingency funding for the 2022-23 biennium. TRS indicates current claims, premiums, and administration costs total \$135.0 million per month. Based on information provided by TRS, this analysis assumes these costs would increase by 7.0 percent per year due to medical and pharmacy inflation. Applying the cost trend to current expenditures, this analysis assumes that the cost to maintain a contingency reserve fund equal to 60 days of average projected claims and administrative costs would total \$342.3 million for the 2022-23 biennium.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: WP, CMa, AM, ASa