

BILL ANALYSIS

Senate Research Center
87R16053 MEW-F

H.B. 1461
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Education
5/17/2021
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Teacher Retirement System (TRS) provides healthcare benefits to approximately 220,000 retired employees and their dependents through TRS-Care. The program has faced tremendous budget shortfalls and dwindling membership numbers in recent years, despite previous measures to address these issues.

This issue is not unique to Texas, and governmental entities in other states have implemented solutions to reduce retiree benefit costs for retirees and sponsors. For example, the Ohio Public Employee Retirement System (OPERS) implemented an individual marketplace with a combined health reimbursement account (HRA), which provides access to choice and benefits equal to, or better than, those provided under group plans at a lower cost. Such alternative policy solutions have the potential to provide stability and additional cost-savings to TRS-Care.

H.B. 1461 would require TRS to evaluate the use of HRAs in conjunction with Medicare plans available through the individual marketplace as a means to provide health and pharmacy benefit coverage for Medicare-eligible retired school employees and their spouses.

As proposed, H.B. 1461 amends current law relating to a study by the Teacher Retirement System of Texas regarding the use of health reimbursement accounts in conjunction with Medicare plans available through the individual marketplace to provide health and pharmacy benefit coverage for certain retired school employees.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. STUDY. (a) Requires the Teacher Retirement System of Texas (TRS) to conduct a study to evaluate the use of health reimbursement accounts in conjunction with Medicare plans available through the individual marketplace as a means to provide health and pharmacy benefit coverage under Chapter 1575 (Texas Public School Employees Group Benefits Program), Insurance Code, for Medicare-eligible retired school employees and their spouses.

(b) Requires that the evaluation consider:

- (1) using claims experience and premium data from the most recent two years, the affordability and availability of Medicare plans available through the individual marketplace to Medicare-eligible retirees and their spouses compared to health benefit plans available to those retirees and their spouses under Chapter 1575, Insurance Code;
- (2) provider availability under Medicare plans available through the individual marketplace; and
- (3) any other items TRS determines are relevant to the system's long-term ability to provide health and pharmacy benefits to Medicare-eligible retirees and their

spouses considering the demographic, geographic, and socioeconomic characteristics of the Medicare-eligible retirees and spouses participating in the group program under Chapter 1575, Insurance Code.

(c) Provides that TRS, in conducting the study under this section:

(1) is authorized to contract or collaborate with entities having industry-leading expertise and experience in the individual marketplace; and

(2) is required to invite comment and input from interested stakeholders, including active and retired school employees.

SECTION 2. REPORT. Requires TRS, not later than December 1, 2021, to submit to the governor, lieutenant governor, speaker of the house of representatives, and Legislative Budget Board a written report of the study conducted under Section 1 of this Act. Requires that the report include the findings and legislative recommendations of TRS.

SECTION 3. EXPIRATION DATE. Provides that this Act expires January 1, 2023.

SECTION 4. EFFECTIVE DATE. Effective date: upon passage or September 1, 2021.