

## **BILL ANALYSIS**

Senate Research Center  
87R5776 SCL-F

S.B. 786  
By: Creighton  
Local Government  
4/16/2021  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Firefighters and emergency medical service (EMS) providers who are employed by municipalities in Texas are guaranteed by statute the ability to purchase continued health benefits coverage after retirement. The municipality can charge the retired employee the full cost of the benefit. The option to purchase this healthcare is valuable for multiple reasons. First, most first responders tend to retire before the age of 65 and are ineligible for Medicare until then. Finding quality health coverage to fill the gap can be difficult. Second, having the ability to keep the same coverage is often worth the added cost.

Unfortunately, firefighters and emergency medical providers who retire from emergency services districts (ESDs) are not afforded this guarantee. Over the past two decades, professional fire departments funded by ESDs have become more commonplace as suburban areas have invaded rural areas formerly served by volunteer departments. Larger ESDs are quite common in Montgomery, Harris, Travis, and Williamson Counties. These departments operate almost exactly like a municipal department and they are usually indistinguishable by the public. As these departments mature, firefighters and EMS employees are beginning to retire from these entities and there seems to be no reason to not allow retirees to purchase continued benefits at no cost to the ESD.

S.B. 786 adds ESDs in counties with more than 200,000 people to the list of entities that offer continued health benefits to fire and EMS employees. S.B. 786 allows the ESD to charge the full cost of the health benefits coverage to the retiree. The bill also allows ESDs to maintain their current plan whether they offer continued coverage or not and are only required to add this continued coverage option if they change plans.

As proposed, S.B. 786 amends current law relating to the eligibility of certain retired firefighters and emergency medical services providers to purchase continued health benefits coverage.

### **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. Amends Section 175.001, Local Government Code, as follows:

Sec. 175.001. APPLICABILITY. Provides that Chapter 175 (Right of Employees of Certain Political Subdivisions to Purchase Continued Health Coverage at Retirement), applies to a person who:

- (1) retires from certain employment, including employment as a firefighter or emergency medical services provider by an emergency services district located wholly or partly in a county with a population of 200,000 or more; and
- (2) is entitled to receive retirement benefits from a county, appraisal district, or municipal retirement plan or emergency services district.

Makes nonsubstantive changes.

SECTION 2. (a) Provides that Chapter 175, Local Government Code, as amended by this Act, applies according to its terms to all eligible persons who leave employment with an emergency services district on or after January 1, 2022.

(b) Requires an emergency services district that is required by Chapter 175, Local Government Code, as amended by this Act, to provide continued health benefits coverage but that is not allowed to provide the coverage under the terms of the district's existing group health plan to ensure that the required continued health benefits coverage is provided for in any new plan that is adopted by the district on or after January 1, 2022, unless the district is exempted under Section 175.007 (Exemptions), Local Government Code.

SECTION 3. Effective date: September 1, 2021.