

By: King of Hemphill

H.B. No. 430

A BILL TO BE ENTITLED

AN ACT

relating to the termination of the Texas Public School Employees Group Insurance Program for retirees.

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

SECTION 1. Chapter 1575, Insurance Code, is amended by adding Subchapters L and M to read as follows:

SUBCHAPTER L. TERMINATION OF GROUP PROGRAM

Sec. 1575.551. PROGRAM TERMINATION. Subject to Section 1575.552, effective September 1, 2021, the group program is terminated.

Sec. 1575.552. COVERAGE ELIGIBILITY TERMINATES; PHASE-OUT PERIOD. (a) An individual who is not a participant in the group program on August 31, 2021, is not entitled to obtain coverage under the group program after that date.

(b) An individual who is a participant in the group program on August 31, 2021, and who is, on September 1, 2021, eligible to participate in Medicare, is not entitled to continue coverage under the group program after August 31, 2021.

(c) An individual who is a participant in the group program on August 31, 2021, but who is not, on September 1, 2021, eligible to participate in Medicare, may continue coverage under the group program in accordance with this subchapter until the earlier of:

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

1           (2) September 1, 2031.

2           Sec. 1575.553. AUTHORIZED COVERAGE. Notwithstanding  
3 Section 1575.151, on and after September 1, 2021, the group program  
4 may not offer coverage other than health benefit plan coverage.

5           Sec. 1575.554. EXCESS GROUP INSURANCE FUND MONEY. (a) Not  
6 later than December 31, 2021, the trustee shall determine the  
7 amount of money required to fund coverage for individuals under  
8 Section 1575.552(c) for the 2021-2022 fiscal year and shall certify  
9 that amount to the comptroller.

10           (b) As soon as practicable after January 1, 2022, the  
11 trustee shall, notwithstanding Section 1575.206, pay to each  
12 retiree participating in the group program on August 31, 2021, an  
13 equal share of the amount by which the money in the group insurance  
14 fund exceeds the amount of money determined under Subsection (a).

15           Sec. 1575.555. REDUCTION IN CONTRIBUTIONS. (a) Beginning  
16 not later than June 1, 2022, the trustee shall annually determine  
17 the amount of money required to fund coverage for individuals under  
18 Section 1575.552(c) for the subsequent fiscal year. The trustee  
19 shall certify that amount to the comptroller.

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

27           Sec. 1575.556. FINAL RECONCILIATION; TERMINATION OF FUND.

1 As soon as practicable after August 31, 2031, the trustee, in  
2 consultation with the comptroller, shall determine any  
3 unencumbered amount remaining in the group insurance fund. The  
4 trustee shall pay that amount in equal shares to individuals  
5 participating in the program on August 31, 2031.

6 Sec. 1575.557. GROUP PROGRAM AND GROUP INSURANCE FUND  
7 ABOLISHED. Effective September 1, 2031, the group program and the  
8 group insurance fund are abolished.

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

12 (b) The determinations made by the trustee under Sections  
13 1575.554 and 1575.555 must be actuarially justified.

14 SUBCHAPTER M. EXPIRATION OF CHAPTER

15 Sec. 1575.601. EXPIRATION OF CHAPTER. This chapter expires  
16 September 1, 2032.

17 SECTION 2. This Act takes effect immediately if it receives  
18 a vote of two-thirds of all the members elected to each house, as  
19 provided by Section 39, Article III, Texas Constitution. If this  
20 Act does not receive the vote necessary for immediate effect, this  
21 Act takes effect September 1, 2021.