

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 19, 2021

TO: Honorable Larry Taylor, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2022 by Darby (Relating to enrollment of certain retirees in the Texas Public School Employees Group Insurance Program.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2022, As Engrossed : an impact of \$0 through the biennium ending August 31, 2023.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from RETIRED SCHOOL EMP GROUP INSURANCE 989
2022	(\$3,271,243)
2023	(\$5,043,854)
2024	(\$6,948,827)
2025	(\$8,968,174)
2026	(\$12,677,480)

Fiscal Analysis

The bill allows a one-time opportunity for retirees to reenroll in TRS-Care. The bill would require TRS to allow certain retirees who voluntarily disenrolled from TRS-Care between January 1, 2017 and December 31, 2019 and who opt to reenroll on or before December 31, 2023, a one-time opportunity to come back to TRS-Care.

The bill states the one-time opportunity would expire on September 1, 2024. The bill requires TRS to adopt regulations to implement this reenrollment opportunity by November 1, 2021.

Based on the analysis of the Teacher Retirement System (TRS), this analysis assumes that the provision of the bill allowing a one-time reenrollment opportunity to former TRS-Care enrollees would cost \$3.3 million in

2022 and \$5.0 million in 2023 to the Retired School Employee Group Insurance Fund 989 (TRS-Care). These costs would not increase the statutorily-required state contributions to TRS-Care for the 2022-23 biennium; therefore, no significant fiscal impact to the General Revenue Fund is anticipated. However, the additional costs may result in the need for higher contribution rates from the State, employers, or members to the TRS-Care program.

Methodology

There were 18,109 Medicare eligible retirees that left TRS Care between 1/1/2017 and 12/31/2019 that would be eligible to enroll themselves and their dependents into the program. According to analysis by the agency, TRS projected a 5 year fiscal impact of the Medicare eligible members that are estimated to enroll in the plan. The estimates assumed 20 percent of those eligible but not currently enrolled would elect coverage, totaling 3,622 additional participants. The agency estimates the five year total net cost to TRS-Care is \$36,909,578.

While under the provisions of the bill there would be additional retiree contributions, analysis from the agency projects that expenditures will increase more than the additional retiree contributions and the state will see a net cost increase each year for additional medical, pharmacy and administration costs.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 454 Department of Insurance, 529 Hlth & Human Svcs Comm

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