

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1781
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Health & Human Services
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Teachers, administrators, and staff who work for public schools in Texas face rising health insurance coverage costs. Cooperative arrangements are one way public schools can work together to offer more affordable health insurance options to their employees. S.B. 1781 creates a framework for public schools to better utilize this coverage option.

Under S.B. 1781, the governing body of a public school may by resolution enter into a cooperative arrangement with other schools for the purpose of procuring group health insurance coverage. The cooperative shall have a board of directors comprised of the chief executive of each participating school or may have a board of seven members if more than seven schools comprise the cooperative. A contract for employee group health insurance coverage must be evaluated and procured through a formal request for proposals consistent with the provisions of Section 44.031, Education Code, related to notice for bids and evaluation criteria of proposals, including but not limited to the purchase price, the reputation of the vendor, and the quality of the vendor's goods and services.

The bill also adjusts from December 31 to May 31 the date by which public schools must give notice to the Teacher Retirement System for participation in TRS ActiveCare. Changing the notice date in this way will allow public schools to better compare ActiveCare rates with prices of other health insurance options.

Committee Substitute

The primary change in the committee substitute is the removal of Section 2 of the bill related to the date by which a public school must notify TRS for participation or nonparticipation in ActiveCare.

Also, language is added to make sure that dependents are covered in any health plan offered under the legislation (page 3, line 12-15) and that current state and local contributions toward teacher health care are sustained (page 3, lines 20-24).

C.S.S.B. 1781 amends current law relating to health coverage for school district and open-enrollment charter school employees under interlocal contracts.

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 Chapter 791, Government Code, by adding Subchapter D, as follows:

SUBCHAPTER D. INTERLOCAL CONTRACTING BETWEEN LOCAL EDUCATION AGENCIES TO PROCURE HEALTH INSURANCE COVERAGE

Sec. 791.051. DEFINITIONS. Defines "cooperative," "local education agency," and "participating local education agency."

Sec. 791.052. COMPLIANCE WITH SUBCHAPTER REQUIRED. Requires a local education agency to comply with this subchapter when procuring and administering employee group health coverage with another local education agency.

Sec. 791.053. INTERLOCAL CONTRACT FOR GROUP HEALTH INSURANCE COVERAGE. (a) Authorizes the governing body of a local education agency to by resolution enter into an interlocal contract and cooperate with one or more other local education agencies to establish a cooperative for the purposes of procuring group health insurance coverage under this subchapter.

(b) Authorizes the governing body of a local education agency to renew an interlocal contract entered into under Subsection (a).

(c) Provides that this subchapter does not affect the ability of local education agencies to provide group health coverage through a risk pool established in accordance with Chapter 172 (Texas Political Subdivisions Uniform Group Benefits Program), Local Government Code.

Sec. 791.054. COOPERATIVE. (a) Provides that a cooperative is a legal entity that is authorized to procure employee group health insurance coverage for each participating local education agency.

(b) Authorizes participating local education agencies to contract for the supervision and administration of the cooperative in accordance with Section 791.013 (Contract Supervision and Administration).

(c) Provides that, except as provided by this subsection, a cooperative is governed by a board of directors composed of the chief executive officers of each participating local education agency or the officers' designees. Requires the cooperative, if the cooperative is composed of more than seven local education agencies, to appoint at least seven directors to serve on the cooperative's board of directors.

Sec. 791.055. PROCUREMENT. (a) Requires a cooperative to procure a contract for employee group health coverage under this subchapter through a request for proposals to potential vendors advertised in a manner consistent with Section 44.031(g) (relating to requiring notice of the time by when and place where the bids or proposals, or the responses to a request for qualifications, will be received and opened to be published in the county in which the district's central administrative office is located), Education Code, in at least one county in which a participating local education agency's central office is located.

(b) Requires the board of directors of a cooperative to select the vendor that provides the best value to participating local education agencies considering the factors described by Section 44.031(b) (relating to requiring the district to consider certain things in determining to whom to award a contract), Education Code.

(c) Provides that a cooperative that enters into a contract in accordance with this section satisfies a competitive bidding requirement applicable to the procurement of group health coverage under other law.

Sec. 791.056. OFFER OF COVERAGE; PREMIUM LIABILITY. (a) Requires a cooperative to offer one or more group health insurance plans procured under Section 791.055 to employees of participating local education agencies and dependents of those employees.

(b) Authorizes the board of directors of a cooperative to determine a participating local education agency's payment of all or part of the premiums for employees or dependents for a plan offered under Subsection (a).

(c) Provides that a participating local education agency's payment:

(1) is subject to the requirements described by Section 1581.052 (Required Minimum Effort), Insurance Code; and

(2) is required to include the contributions by the state described by Subchapter F (Contributions), Chapter 1579, Insurance Code.

SECTION 2. Effective date: September 1, 2023.