

BILL ANALYSIS

Senate Research Center

H.B. 3126
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Education K-16
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The 87th Legislature created a mechanism in which participating entities could voluntarily exit the TRS-ActiveCare health insurance program. Schools elected to leave the program under that mechanism, as they were lead to believe that a private plan could provide lower market rates and cheaper premiums than TRSCare. However, after a provider filed for bankruptcy, some school districts were left to foot the bill for massive medical costs that threaten the small, rural school districts.

H.B. 3126 introduces a targeted amendment to the Texas Insurance Code, specifically addressing the participation of small school districts in the uniform group coverage program for active school employees. The legislation provides a strategic opportunity for school districts that previously discontinued their program participation on September 1, 2022, to re-enter the coverage program under carefully defined conditions. Specifically, the bill applies to districts with 500 or fewer employees, offering them a window to rejoin the program before the fifth anniversary of their initial withdrawal.

To take advantage of this provision, eligible districts must submit written notice to the trustee by December 31, 2025, with the intention of resuming program participation effective September 1, 2026. The bill includes several important stipulations designed to manage the districts' re-entry. The trustee is authorized to impose a risk stabilization fee on premiums and may establish additional requirements for program participation. Once a district re-enters the program, it is committed to maintaining participation until September 1, 2031, providing stability for both the districts and the coverage program.

H.B. 3126 demonstrates a nuanced legislative strategy that offers flexibility to small school districts while maintaining structured oversight of the uniform group coverage program.

H.B. 3126 amends current law relating to the election of certain school districts and open-enrollment charter schools to participate in the uniform group coverage program for active school employees.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Teacher Retirement System of Texas in SECTION 1 (Section 1579.1551, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 1579, Insurance Code, by adding Section 1579.1551, as follows:

Sec. 1579.1551. SMALL SCHOOL DISTRICT AND CHARTER SCHOOL PROGRAM PARTICIPATION. (a) Provides that this section applies to a school district or open-enrollment charter school that discontinued participation in the uniform group coverage program (program) effective on September 1, 2022, in accordance with Section 1579.155(a) (relating to authorizing a participating entity to discontinue the entity's participation in the program).

(b) Authorizes a school district or charter school to which this section applies, notwithstanding Section 1579.155(b) (relating to prohibiting a participating entity that elects to discontinue participation in the program from performing certain actions), to elect to participate in the program before the fifth anniversary of the effective date of the district's or school's election to discontinue participation in the program if the district or school provides written notice to the Teacher Retirement System of Texas (TRS) not later than December 31, 2025, of the district's or school's election to participate in the program effective beginning September 1, 2026 and complies with any other requirements established by TRS for program participation.

(c) Requires TRS, for the plan year beginning September 1, 2026, to impose a risk stabilization fee in an amount determined by TRS on the premiums of a school district or charter school to which this section applies.

(d) Prohibits a school district or charter school that elects to participate in the program in accordance with this section from electing to discontinue participation until September 1, 2031.

(e) Authorizes TRS by rule to impose additional requirements, conditions, and deadlines with which a school district or charter school to which this section applies is required to comply to elect to participate in the program in accordance with this section.

(f) Provides that this section expires September 1, 2031.

SECTION 2. Effective date: September 1, 2025.