

BILL ANALYSIS

C.S.H.B. 1585
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Teacher Retirement System of Texas (TRS) administers a trust fund that provides retirement and health benefits to more than 1.6 million members, including active and retired Texas teachers, public education support staff, certain higher education professionals, and their dependents. Unlike most state agencies subject to review under the Texas Sunset Act, TRS is constitutionally created and not subject to abolishment. The Sunset Advisory Commission determined that TRS generally manages its trust fund well but needs to improve the quality of its member services, including by making a greater effort to return inactive members' contributions and improving communication and outreach to better help members plan for retirement. C.S.H.B. 1585 seeks to enact certain sunset commission recommendations aimed at improving those services.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1585 amends the Government Code to provide for the next review of the board of trustees of the Teacher Retirement System of Texas (TRS) under the Texas Sunset Act during the 2032-2033 sunset review cycle. With respect to the board, the bill does the following:

- regarding board member training:
 - revises provisions related to board member training and provides for the creation of a related training manual that each member must acknowledge having received and reviewed; and
 - provides for the transition to the new training requirements for board members appointed before the bill's effective date;
- requires the board to designate an ombudsman within TRS to assist members and retirees by performing member and retiree protection and advocacy functions and requires the ombudsman to regularly submit a report to the board recommending changes to TRS operations that would benefit members and retirees and increase opportunities for members and retirees to participate in TRS decisions;
- updates provisions relating to TRS complaint procedures to apply certain good government standards;
- regarding outreach to TRS members and employers:

- requires the board to develop and adopt an outreach plan designed to assist each TRS member, and as appropriate the members' employers, in effectively planning for the member's retirement;
- sets out requirements for the plan's contents and for the solicitation of stakeholder input in developing the plan; and
- requires TRS to implement the plan not later than December 1, 2021, and to review and update the plan once every five years;
- requires the board to adopt a policy requiring TRS to make all reasonable efforts to locate and notify certain inactive members with fewer than five years of service or, if appropriate, the member's heirs of their entitlement to a return of accumulated contributions and sets out requirements for the contents of the policy; and
- requires the board to ensure that TRS responds to appeals at all levels of staff review within the same amount of time that members have to appeal TRS decisions.

C.S.H.B. 1585 provides for a dollar-for-dollar reduction of the monthly retirement benefits of a TRS retiree who resumes service in a Texas public educational institution and exceeds the employment after retirement limitations as an alternative to forfeiture of the retiree's total monthly benefit if the retiree's total compensation earned for employment during that month is less than the amount of their monthly benefit payment. The bill clarifies that a disability retiree who is employed in any position by such an institution for more than 90 days in a school year is not entitled to benefit payments for the remaining months of the school year during which the retiree continues to be employed beyond that 90-day period.

C.S.H.B. 1585 repeals the requirement for TRS to certify to the commissioner of education at the end of each school year the names of any employing public school district or open-enrollment charter school that has failed to timely remit all contributions required for the school year on compensation above the statutory minimum. The bill removes the commissioner as a party to which TRS must certify at the end of each school year the name of each employer that has failed to timely remit all payments required for new employees and limits the employers regarding which TRS must make such a certification to public institutions of higher education.

C.S.H.B. 1585 clarifies that retirement benefits counseling for individual TRS members must be provided in different geographic regions of Texas and gives a member the option to elect to receive counseling in person or by phone.

C.S.H.B. 1585 repeals investment practices and performance report requirements for TRS that overlap with requirements applicable to public retirement systems generally.

C.S.H.B. 1585 amends the Insurance Code to require TRS to develop and distribute informational materials to individuals enrolled in TRS-Care or TRS-ActiveCare regarding the following topics:

- the enrollee's right to appeal denial of an adverse determination regarding health care services to an independent review organization;
- the procedures for appealing to an independent review organization; and
- the assistance available from TRS in navigating the procedures for appeal.

C.S.H.B. 1585 consolidates the biennial report to the legislature on TRS-Care financing, benefits, and projected costs of coverage and the annual report to the Texas Department of Insurance on TRS-Care coverage, benefits, and services into one annual report to both of those entities. The bill reduces the frequency with which TRS must report to the comptroller of public accounts and the Legislative Budget Board regarding any cost savings achieved in TRS-ActiveCare through implementation of the prior authorization requirement for certain categories of prescription drugs. The bill sets out provisions relating to the inclusion in that report of certain information about drugs not included in those categories.

C.S.H.B. 1585 repeals Section 1575.452, Insurance Code, and the following provisions of the Government Code:

- Section 802.109(j);
- Section 825.405(e); and
- Section 825.512.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1585 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute revises provisions providing for the dollar-for-dollar reduction in retirement benefits for a retiree who resumes service to clarify that a disability retiree is not subject to a reduction in benefits during the first 90 days of employment but loses the entirety of their benefit payment for any employment beyond that 90-day period during a school year.

The substitute clarifies that the ombudsman is to assist both active members and retirees.