

BILL ANALYSIS

C.S.H.B. 4078
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that certain school districts are required to participate in the uniform group coverage program for active school employees known as TRS-Active Care. This lack of choice can lead to high costs and reduced benefits for teachers. Data from school districts that have opted out of this program suggests that families may be able to save more money on premiums and deductibles on health plans outside of the program. C.S.H.B. 4078 seeks to provide added local control to health care insurance options for school employees by giving an entity participating in the program the option to discontinue participation.

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 rulemaking authority is expressly granted to the Teacher Retirement System of Texas in SECTION 2 of this bill.

ANALYSIS

C.S.H.B. 4078 amends the Insurance Code to authorize an entity participating in the uniform group coverage program for active school employees, effective September 1, 2022, to elect to discontinue the entity's participation in the program by providing written notice to the Teacher Retirement System of Texas (TRS) not later than December 31 of the year preceding the first day of the plan year in which the election will be effective. With respect to an entity that makes such an election, the bill provides the following:

- the entity may not elect to participate in the program until the fifth anniversary of the effective date of the entity's election to discontinue participation; and
- the entity may not again elect to discontinue participation after resuming participation until the fifth anniversary of the effective date of the election to resume participation.

Effective September 1, 2022, an entity that elects to participate in the program must provide written notice to TRS not later than December 31 of the year preceding the first day of the plan year in which the election will be effective. The bill prohibits the entity from electing to discontinue participation until the fifth anniversary of the effective date of the entity's election to participate. The bill requires TRS by rule to prescribe the time and manner for making an election relating to program participation and authorizes TRS to adopt rules necessary to administer the bill's provisions relating to such elections.

C.S.H.B. 4078 prohibits an entity participating in the program from offering or making available to the entity's employees or their dependents group health coverage not provided under the program.

C.S.H.B. 4078 applies only to group coverage provided for a plan year beginning on or after September 1, 2022.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 4078 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 original included provisions that did the following:

- repealed the requirement for certain school districts to participate in the program and provisions relating to participation by certain risk pools and made related changes to the applicability of provisions authorizing participation in the program;
- authorized a district or risk pool to elect not to participate in the program notwithstanding any previous election or requirement to participate; and
- authorized TRS to establish by rule a regional rating method for determining program premiums charged in different regions of the state.

The substitute does not include any of the original's provisions and instead authorizes a participating entity, effective September 1, 2022, to elect to discontinue participation in the program by providing written notice to TRS. The substitute includes additional provisions absent from the original relating to program participation elections, including provisions locking an entity into an election for five years, a requirement for entities electing to participate in the program to provide notice, and provisions relating to TRS rulemaking.

The substitute also includes the following provisions absent from the original:

- a provision prohibiting a participating entity from offering or making available to the entity's employees or their dependents group health coverage not provided under the program; and
- a provision specifying that the bill applies only to group coverage provided for a plan year beginning on or after September 1, 2022.