

SUBJECT: ERS health insurance for certain graduate students & postdoctoral fellows

COMMITTEE: Pensions, Investments and Financial Services —favorable without amendment

VOTE: 6 ayes — Truitt, Anchia, Legler, Nash, Orr, Veasey

0 nays

3 absent — C. Anderson, Creighton, Hernandez Luna

SENATE VOTE: On final passage, April 14 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — Manuel Gonzalez, Graduate Student Assembly at the University of Texas; Victoria Rodriguez; John Woods; (*Registered, but did not testify*: Samuel Reid Long; Ted Melina Raab, Texas American Federation of Teachers)

Against — None

On — Robert Kukla, Employees Retirement System of Texas

DIGEST: SB 29 would amend Insurance Code, secs. 1551 and 1601 to allow an individual who held either a postdoctoral fellowship or graduate student fellowships totaling more than \$10,000 annually and received a stipend from these awards to be eligible for the Texas employees group benefits program. These individuals also could secure coverage for their dependents.

An individual would have to pay all contributions for the health care coverage unless the university elected to make contributions from another source of funding outside of the General Revenue Fund. The university would have to determine which individuals were eligible to participate in the group benefits program and to notify them of their eligibility. Eligible individuals who participated in the program would not be considered employees of the higher education institution.

SB 29 would repeal sec. 1601.101(d), allowing an individual with a

postdoctoral fellowship within the University of Texas or the Texas A&M University Systems to be eligible to participate in the uniform insurance benefits program, as of January 1, 2012.

The bill would require the board of trustees of the Employees Retirement System of Texas (ERS) and the governing boards of the University of Texas or the Texas A&M Systems to extend coverage to the newly eligible postdoctoral and graduate student fellows by January 1, 2012, but would allow all entities to offer coverage to these individuals before this date.

The bill would take effect on September 1, 2011.

**SUPPORTERS  
SAY:**

SB 29 would resolve a major flaw in the health benefit program within the public university system. Allowing certain graduate students or postdoctoral fellows to buy into a comprehensive health insurance program would offer an important recruitment tool to attract the brightest students. Every available incentive could encourage a top candidate to choose a Texas university over a program in another state. Universities in other states currently offer this benefit, giving them a competitive edge over Texas universities, and each graduate program within the public university system loses students for this reason.

Public universities in Texas also have many graduate students and postdoctoral candidates who are turning down very prestigious fellowships, choosing instead to keep lower-level research or teaching assistant positions so that they can remain employed by the university and stay eligible for health insurance. When these students or postdoctoral candidates turn down a fellowship, it harms the university by reducing its prestige for faculty and student recruitment and taking away vital research funding offered to the departments.

These individuals often work second jobs outside of the university to pay for basic living expenses, reducing the quality of their research at the university. It also becomes more difficult for these individuals to compete on the job market later because they do not have the top fellowships listed on their resumes. This problem creates another challenging situation for graduate departments because the brightest students or postdoctoral fellows who turn down fellowships for health insurance remain in jobs that could be filled by other students and provide tuition assistance and health benefits.

SB 29 could also help to reduce the burden on public health care programs. Many graduate students and postdoctoral fellows have or are starting families. These individuals are not paid very much, and their dependents could qualify for public health programs like Medicaid or the Children's Health Insurance Program (CHIP). The bill would allow these students or fellows to buy into the health insurance programs for their dependents and thereby create a savings for the state because an alternative source of coverage would become available.

**OPPONENTS  
SAY:**

SB 29 could have a slight negative effect on the state employee health insurance pool because healthy graduate students or postdoctoral fellows might choose not to purchase coverage, while unhealthy or chronically ill student might choose to participate. An increase in the number of sick individuals within the insurance pool could increase the costs of coverage for everyone.