

BILL ANALYSIS

Senate Research Center
76R3979 GCH-D

S.B. 1120
By: Armbrister
State Affairs
3/31/1999
As Filed

DIGEST

Currently, Texas law does not authorize a statewide group insurance program for employees and retirees of school districts. S.B. 1120 creates the Texas Uniform Group Health Insurance Benefit Act, to administer a statewide group insurance program for employees and retirees of school districts, beginning with the 2001-2002 school year.

PURPOSE

As proposed, S.B. 1120 authorizes a statewide group insurance program for employees and retirees of school districts.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 3E, Insurance Code, by adding Article 3.50-7, as follows:

Art. 3.50-7. TEXAS SCHOOL EMPLOYEES UNIFORM GROUP HEALTH INSURANCE BENEFITS ACT

Sec. 1. SHORT TITLE. Authorizes this article to be cited as the Texas School Employees Uniform Group Health Insurance Benefit Act.

Sec. 2. DEFINITIONS. Defines "administering firm," "basic coverage," "cafeteria plan," "employee," "health benefit plan," "participating school district," "retiree," and "trustee."

Sec. 3. ADMINISTRATION. Requires the Teacher Retirement System of Texas (TRS), as trustee, to implement and administer the statewide uniform group insurance program described by this article. Authorizes the trustee to hire and compensate employees. Authorizes the trustee, on a competitive bid basis, to contract with a qualified, experienced firm of group insurance specialists or an administering firm who will act for the trustee in the capacity of independent administrators and managers of the program authorized under this article. Requires the independent administrator selected by the trustee to assist the trustee to ensure the proper administration of this article and the coverages, services, and benefits provided for or authorized by this article and to be paid by the trustee. Authorizes the trustee to enter into interagency contracts with any agency of the state, including the Employees Retirement System of Texas (ERS), for the purpose of assistance in implementing the program provided by this article. Provides that the trustee has the powers with regard to the program described by this article that the ERS in administering the Texas Employees Uniform Group Insurance Benefits Act (TEUGIBA), including the power to adjudicate claims, expel participants from the program for cause, and adopt rules to administer this article.

Sec. 4. PARTICIPATION IN PROGRAM. Requires each public school district to participate in the program provided by this article unless the district is participating in the group insurance program under the TEUGIBA. Provides that each full-time employee or retiree of a participating school district is automatically covered by the basic plan for retiree specifically waives coverage or unless the employee or retiree is expelled from the program. Provides that each part-time employee of a participating school district is eligible to participate in the program provided by this

article on application in the manner provided by the trustee, unless the employee has been expelled from the program. Requires a participating school district to notify each of its part-time employees of their eligibility for participation in the program.

Sec. 5. GROUP COVERAGES. Requires the trustee to establish plans of group coverage for employees and retirees of participating school districts and their dependents. Requires the coverage to be comparable in scope and, to the greatest extent possible, in cost to the coverages provided under the TEUGIBA, and may include certain coverages. Requires the trustee to divide the state into four regions for the purpose of offering and administering plans of coverages. Requires comparable plans of each type of coverage established to be offered to employees and retirees of all participating school districts. Authorizes the trustee, by rule, to define the basic coverage in which each full-time employee or retiree participates unless specifically waived. Requires basic coverage to include a health benefits plan. Authorizes a trustee, by rule, to define optional or voluntary coverage. Authorizes the trustee to provide a cafeteria plan for employees of participating school districts. Authorizes a trustee to determine that plans of coverages be provided directly from the fund rather than through the purchase of insurance. Provides that any self-funded plan of coverage is exempt from any other insurance law unless the law specifically applies to the plan or this article.

Sec. 6. PAYMENT OF CONTRIBUTIONS. Requires the state to contribute for each employee covered by the program an amount provided by the General Appropriations Act. Requires the state to pay 100 percent of the cost of basic coverage for retirees who are covered by the program and who retired with at least 20 years of service credit in the TRS and one-half of the cost of basic coverage for other retirees participating in the program. Requires that the portion of the cost of basic coverage selected by the employee that exceeds the amount of state contributions to be paid by the participant and the school district by which the participant is employed, with the participant paying 20 percent and the district paying 80 percent. Provides that an employee or retiree participating in the program is responsible for paying the full cost of optional or voluntary coverage selected.

Sec. 7. TEXAS SCHOOL EMPLOYEES UNIFORM GROUP INSURANCE TRUST FUND. Creates the Texas school employees uniform group insurance trust fund as a trust fund outside the state treasury to be held by the Texas Treasury Safekeeping Trust Company and administered by the trustee on behalf of the participants in the plans of insurance coverage provided under this article. Requires premiums paid by enrollees, amounts recovered under contracts for the implementation of the program provided by this article, and investments and depository income of the fund to be credited to the fund. Authorizes money in the fund to be used only for the purpose of providing the program of insurance coverage provided under this article, including the expenses of administering the program. Authorizes trustees to invest assets of the fund in the manner provided by Section 67(a)(3), Article XVI, Texas Constitution.

SECTION 2. Amends Article 3.51, Insurance Code, as follows:

Art. 3.51. New heading: GROUP INSURANCE FOR EMPLOYEES OF STATE AND ITS SUBDIVISIONS AND COLLEGES.

Sec. 1. Authorizes the State of Texas and each of its colleges to procure contracts with any insurance company authorized to do business in the state insuring their respective employees. Deletes text regarding independent school districts.

SECTION 3. Repealer: Article 3.50-4, Insurance Code (Texas Public School Employees Group Insurance Program). Section 22.004, Education Code (Group Health Benefits for School Employees).

SECTION 4. Requires the TRS to begin enrollment in the program provided under Article 3.50-7, Insurance Code, as added by this Act, to be effective beginning with the 2001-2002 school year. Requires TRS to transfer all assets and liabilities of the program provided under Article 3.50-4, Insurance Code, all coverage provided under that program, and all records pertaining to that program provided under Article 3.50-7, Insurance Code, as added by this Act, not later than the date the program of coverages provided under Article 3.50-7 is implemented.

SECTION 5. Effective date: September 1, 1999, except Sections 2 and 3, which take effect September 1, 2001.

SECTION 6. Emergency clause.