

## **BILL ANALYSIS**

Senate Research Center  
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S.B. 135  
By: Carona  
Education  
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### **DIGEST AND PURPOSE**

Currently, many Texas public school employees do not have health insurance for various reasons. Also, the health insurance program for retired public school employees (TRS-CARE) continues to grow while facing financial concerns. As proposed, S.B. 135 creates a uniform group insurance plan that pools active and retired public school employees into one health insurance and retirement system that must be comparable to the system the state already provides for educators in state colleges and universities, as well as for state employees.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Teacher Retirement System of Texas in SECTION 1 (Sections 2, 3 and 5, Article 3.50 - 7, Insurance Code) and SECTION 7 of this bill.

### **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 Benefits Act.

Sec. 2. DEFINITIONS. Defines “administering firm,” “basic coverage,” “cafeteria plan,” “employee,” “health benefit plan,” “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 (program) described by this article, and authorizes the hiring and compensating of employees. Authorizes the trustee, on a competitive bid basis, to contract with a qualified, experienced firm of group insurance specialists or an administering firm acting as independent administrators and managers of the program that will ensure proper administration authorized under this article and are required to be paid by the trustee. Authorizes the trustee to contract with any state agency, including the Employees Retirement System of Texas, for the purpose of assistance in implementing the program. Provides that the trustee has the same powers the Employees Retirement System of Texas has in administering the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, V.T.I.C.), 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 all school districts to participate in the program, and provides that each full-time school district employee or retiree is automatically covered by basic coverage unless the employee or retiree waives coverage or is expelled from the program. Provides that each part-time employee is eligible for coverage unless the employee has been expelled from the program, and requires each participating school district to

notify all part-time employees of the employee's eligibility for participation in the program.

Sec. 5. GROUP COVERAGE. Requires the trustee to establish plans of group coverages for all employees and retirees of school districts and their dependents, and requires the coverages to be comparable to the coverage provided by the Texas Employees Uniform Group Insurance Benefits Act and may include certain and other coverages considered advisable by the trustee. Requires comparable coverage plans to be offered to all school district employees and retirees. Authorizes the trustee by rule to define the basic coverage for each full-time employee or retiree that is required to be included in a health benefit plan, unless specifically waived, and authorizes the trustee to, by rule, to define optional coverage, which may include coverage for dependents and voluntary coverage. Authorizes the trustee to provide a cafeteria plan for school district employees. Authorizes the trustee to determine that plans of coverages to be provided directly from the fund described by Section 7 of this article, rather than through the purchase of coverage, and exempts any self-funded plan of coverages from any other provision of this code unless the law specifically applies to the plan or to this article.

Sec. 6. PAYMENT OF CONTRIBUTIONS. Requires the state to contribute an amount equivalent to that of the Texas Employees Uniform Group Insurance Benefits Act for each employee and retiree, and requires each employee and retiree to pay the portion that exceeds the amount covered by the program.

Sec. 7. FUND. Requires the contributions collected under Section 6 and any amounts appropriated by the legislature for contingency reserves or administrative expenses to be deposited in the Texas school employees uniform group insurance trust fund, which is a trust fund with the comptroller, and authorizes the trustee to use the fund only to provide group coverages under this article and to pay the expenses of administering the program. Authorizes the trustee to invest assets of the fund in the manner provided by Section 67(a)(3) (State and Local Retirement Systems), Article XVI, Texas Constitution.

SECTION 2. Amends Article 3.50-4, Insurance Code, by adding Section 3A, as follows:

Sec. 3A. TERMINATION OF PROGRAM AND TRANSFER OF PROPERTY. Requires the trustee to transfer all coverages provided by the program established under this article and all records relating to the program, and requires the comptroller to transfer all assets and liabilities, to the group insurance program established under Article 3.50-7 of this code not later than the date on which the program is implemented. Provides that the program provided by this article is terminated upon the transfer of property.

SECTION 3. Amends Article 3.51, Insurance Code, by adding Section 3, as follows:

Sec. 3. Prohibits a common or independent school district or any other agency or subdivision of the public school system of this state from procuring or renewing insurance contracts under this article after the date the program is implemented, notwithstanding any other provision of this article.

SECTION 4. Amends Section 26.036, Insurance Code, by adding Subsection (c), to prohibit an independent school district from participating in the small employer market and renewing an insurance contract obtained in accordance with this article after the date on which the program is implemented.

SECTION 5. Amends Section 22.004, Education Code, by adding Subsection (h), to prohibit a district from making health coverage available to its employees under this section after the date on which the program is implemented. Requires a district to begin participating in the program on a certain date.

SECTION 6. Requires TRS to develop the plan or plans to be implemented and administered under

Article 3.50-7, Insurance Code, as added by this Act. Authorizes the system to employ persons, as necessary, to implement this subsection. Requires the Employees Retirement System of Texas to enroll persons in the program beginning with the first school year when the legislature appropriates the contributions required under Section 6, Article 3.50-7, Insurance Code, as added by this Act.

SECTION 7. Effective date: (a) September 1, 2001, except as provided by Subsection(b) of this section.

(b) Requires the Teacher Retirement System of Texas to adopt rules as necessary to implement SECTION 6 of this Act not later than December 31, 2001.