

BILL ANALYSIS

C.S.H.B. 3976
By: Ashby
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties suggest that the law relating to the administration of and benefits payable under the Texas Public School Retired Employees Group Benefits Act is in need of revision. C.S.H.B. 3976 seeks to provide for that revision.

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. 3976 amends the Insurance Code to provide for a restructuring of the administration of and benefits payable under the Texas Public School Retired Employees Group Benefits Act by removing the two-tiered structure of basic and optional plans offered under the Texas public school employees group insurance program and instead requiring the Teacher Retirement System of Texas (TRS) to establish or contract for and make available under the group program a high deductible health plan, a Medicare Advantage plan, and a Medicare prescription drug plan for eligible retirees, dependents, surviving spouses, and surviving dependent children. The bill authorizes TRS to establish or contract for and make available under the group program other health benefit plans to provide medical or pharmacy benefits if TRS determines that a Medicare Advantage plan or a Medicare prescription drug plan is no longer appropriate for the group program and sets out provisions establishing eligibility criteria for enrollment in each plan offered under the group program.

C.S.H.B. 3976 makes provisions under the Texas Public School Retired Employees Group Benefits Act relating to coverage and participation applicable to a health benefit plan offered under the group program but excludes a Medicare Advantage plan or a Medicare prescription drug plan from the provisions concerning coverage of preexisting conditions, coverage for a prostate-specific antigen test, the provision of or coverage for disease management services, and prior authorization for certain drugs. The bill requires a retiree or surviving dependent child who has coverage under a health benefit plan offered under the group program to pay a monthly contribution, as determined by TRS, except that a retiree is not required to pay a monthly contribution until the 2022 plan year if the retiree has taken a TRS disability retirement on or before January 1, 2017, is receiving disability retirement benefits from TRS, and is not eligible to enroll in Medicare. That exception expires at the end of the 2021 plan year on December 31, 2021. The bill requires a surviving spouse who elects to retain or obtain coverage under a plan offered under the group program for the surviving spouse or dependents of the surviving spouse to pay a monthly contribution, as determined by TRS. The bill requires a retiree or surviving

spouse, as a condition of electing coverage under a health benefit plan, to authorize TRS in writing to deduct the amount of the applicable contribution from the retiree's or surviving spouse's monthly annuity payment, as appropriate, and requires TRS to deduct the contribution in the manner and form determined by TRS.

C.S.H.B. 3976 includes a period beginning on the date an eligible retiree reaches 65 years of age and ending on a date set by TRS rule as an open enrollment period during which the retiree may select any coverage provided under the group program for which the person is otherwise eligible and includes the retiree's eligible dependents as parties for whom the retiree may select coverage during any applicable open enrollment period. The bill authorizes an individual enrolled in a health benefit plan offered under the group program to remain enrolled in that plan as long as the individual remains eligible for that plan. The bill requires TRS to enroll an individual who becomes ineligible for a health benefit plan in which the individual is enrolled in a plan for which the individual is eligible, if any, in accordance with procedures established by TRS.

C.S.H.B. 3976 revises the state's required contribution from the retired school employees group insurance fund through TRS such that the state's sole contribution is an amount prescribed by the General Appropriations Act to cover all or part of the cost for each retiree, surviving spouse, and surviving dependent child enrolled in a health benefit plan offered under the group program. The bill authorizes TRS to spend a part of the money received for the group program to offset a part of the costs for dependent coverage if the group program is projected to remain financially solvent during the currently funded biennium. The bill increases the amount of the state's contribution to the fund each state fiscal year from one percent of the salary of each contributing member of TRS who is employed by a public school and who is not entitled to coverage under a plan provided under the Texas Employees Group Benefits Act or the State University Employees Uniform Insurance Benefits Act to 1.25 percent of each such salary. The bill removes the specification that contributions allocated and appropriated under the Texas Public School Retired Employees Group Benefits Act for a state fiscal year are paid from the general revenue fund.

C.S.H.B. 3976 includes surviving spouses and surviving dependent children among those responsible for sharing the total costs for the operation of the group program in the manner prescribed by the General Appropriations Act. The bill repeals the provision establishing certain caps on the percentage of those costs to be allocated to each group responsible for sharing the costs and the provision requiring that TRS establish certain ranges of payment for those costs. The bill instead requires TRS to establish and collect payments for the share of those total costs allocated to retirees, surviving spouses, and surviving dependent children and authorizes TRS to consider various factors in establishing those payments, including an enrollee's Medicare status, health benefit plan election, and dependent coverage.

C.S.H.B. 3976 redefines "health benefit plan" in relation to the Texas Public School Retired Employees Group Benefits Act as any group arrangement to provide health care benefits or to pay or reimburse expenses for health care services and establishes that a reference in the Insurance Code to a "basic plan" under the act means a health benefit plan provided under the act other than a Medicare Advantage plan or a Medicare prescription drug program.

C.S.H.B. 3976 applies beginning with the 2018 plan year.

C.S.H.B. 3976 repeals the following provisions of the Insurance Code:

- Section 1575.103
- Section 1575.156(b)
- Section 1575.158(b)
- Section 1575.1581
- Sections 1575.161(b), (c), (d), and (e)

- Section 1575.201(b)
- Section 1575.205
- Section 1575.211(b)
- Section 1575.212(a)

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3976 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 1575.002, Insurance Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. Subchapter A, Chapter 1575, Insurance Code, is amended.	SECTION 2. Same as introduced version.
SECTION 3. Section 1575.006(a), Insurance Code, is amended.	SECTION 3. Same as introduced version.
SECTION 4. Section 1575.052(a), Insurance Code, is amended.	SECTION 4. Same as introduced version.
SECTION 5. Section 1575.152, Insurance Code, is amended.	SECTION 5. Same as introduced version.
SECTION 6. Section 1575.153, Insurance Code, is amended to read as follows: Sec. 1575.153. <u>HEALTH BENEFIT PLAN [BASIC] COVERAGE FOR RETIREES.</u> <u>(a) A retiree who applies for coverage during an enrollment period may not be denied coverage in a health benefit [basic] plan provided under this chapter for which the retiree is eligible unless the trustee finds under Subchapter K that the retiree defrauded or attempted to defraud the group program.</u> <u>(b) A retiree who has coverage under a health benefit plan offered under the group program shall pay a monthly contribution, as determined by the trustee.</u> <u>(c) As a condition of electing coverage under a health benefit plan, the retiree must, in writing, authorize the trustee to deduct the amount of the contribution from the retiree's monthly annuity payment. The trustee shall</u>	SECTION 6. Section 1575.153, Insurance Code, is amended to read as follows: Sec. 1575.153. <u>HEALTH BENEFIT PLAN [BASIC] COVERAGE FOR RETIREES.</u> <u>(a) A retiree who applies for coverage during an enrollment period may not be denied coverage in a health benefit [basic] plan provided under this chapter for which the retiree is eligible unless the trustee finds under Subchapter K that the retiree defrauded or attempted to defraud the group program.</u> <u>(b) A retiree who has coverage under a health benefit plan offered under the group program shall pay a monthly contribution, as determined by the trustee.</u> <u>(c) As a condition of electing coverage under a health benefit plan, the retiree must, in writing, authorize the trustee to deduct the amount of the contribution from the retiree's monthly annuity payment. The trustee shall</u>

deduct the contribution in the manner and form determined by the trustee.

deduct the contribution in the manner and form determined by the trustee.

(d) Notwithstanding Subsection (b), a retiree is not required to pay a monthly contribution under this section until the 2022 plan year if the retiree:

(1) has taken a disability retirement under the Teacher Retirement System of Texas on or before January 1, 2017;

(2) is receiving disability retirement benefits from the Teacher Retirement System of Texas; and

(3) is not eligible to enroll in Medicare.

(e) This subsection and Subsection (d) expire at the end of the 2021 plan year on December 31, 2021.

SECTION 7. Section 1575.155(a), Insurance Code, is amended.

SECTION 7. Same as introduced version.

SECTION 8. Section 1575.156, Insurance Code, is amended.

SECTION 8. Same as introduced version.

SECTION 9. Section 1575.157, Insurance Code, is amended.

SECTION 9. Same as introduced version.

SECTION 10. The heading to Section 1575.158, Insurance Code, is amended.

SECTION 10. Same as introduced version.

SECTION 11. Section 1575.158, Insurance Code, is amended.

SECTION 11. Same as introduced version.

SECTION 12. Subchapter D, Chapter 1575, Insurance Code, is amended.

SECTION 12. Same as introduced version.

SECTION 13. Section 1575.159, Insurance Code, is amended.

SECTION 13. Same as introduced version.

SECTION 14. The heading to Section 1575.161, Insurance Code, is amended.

SECTION 14. Same as introduced version.

SECTION 15. Section 1575.161, Insurance Code, is amended by amending Subsection (a) and adding Subsection (f) to read as follows:

SECTION 15. Section 1575.161, Insurance Code, is amended by amending Subsection (a) and adding Subsection (f) to read as follows:

(a) A retiree, surviving spouse, or surviving dependent child eligible for coverage under the group program may select for that individual and the individual's eligible dependents any coverage provided under this chapter for which each of those individuals [~~the person~~] is otherwise eligible:

(a) A retiree eligible for coverage under the group program may select for the retiree and the retiree's eligible dependents any coverage provided under this chapter for which each of those individuals [~~the person~~] is otherwise eligible:

(1) on any date that is on or after the date the retiree [~~person~~] retires and on or before

(1) on any date that is on or after the date the retiree [~~person~~] retires and on or before

the 90th day after that date; and

(2) during any other open enrollment periods for retirees set by the trustee by rule.

(f) An individual enrolled in a health benefit plan offered under the group program may remain enrolled in that health benefit plan as long as the individual remains eligible for that health benefit plan. If an individual becomes ineligible for a health benefit plan in which the individual is enrolled, the trustee shall enroll the individual in a health benefit plan for which the individual is eligible, if any, in accordance with procedures established by the trustee.

SECTION 16. Section 1575.164(b), Insurance Code, is amended.

SECTION 17. Section 1575.170(b), Insurance Code, is amended.

SECTION 18. Section 1575.201, Insurance Code, is amended.

SECTION 19. Sec. 1575.202(a), Insurance Code, is amended to read as follows:

(a) Each state fiscal year, the state shall contribute to the fund an amount equal to one and one-quarter percent of the salary of each active employee.

No equivalent provision.

SECTION 20. Section 1575.211(a), Insurance Code, is amended.

SECTION 21. Section 1575.212, Insurance Code, is amended.

the 90th day after that date;

(2) during a period beginning on the date the retiree reaches 65 years of age and ending on a date set by the trustee by rule; and

(3) [(2)] during any other open enrollment periods for retirees set by the trustee by rule.

(f) An individual enrolled in a health benefit plan offered under the group program may remain enrolled in that health benefit plan as long as the individual remains eligible for that health benefit plan. If an individual becomes ineligible for a health benefit plan in which the individual is enrolled, the trustee shall enroll the individual in a health benefit plan for which the individual is eligible, if any, in accordance with procedures established by the trustee.

SECTION 16. Same as introduced version.

SECTION 17. Same as introduced version.

SECTION 18. Same as introduced version.

SECTION 19. Substantially the same as introduced version.

SECTION 20. Section 1575.210(a), Insurance Code, is amended to read as follows:

(a) Contributions allocated and appropriated under this subchapter for a state fiscal year shall be:

(1) paid [~~from the general revenue fund~~] in equal monthly installments;

(2) based on the estimated amount certified by the trustee to the comptroller for that year; and

(3) subject to any express limitations specified in the Act making the appropriation.

SECTION 21. Same as introduced version.

SECTION 22. Same as introduced version.

SECTION 22. Section 1575.302, Insurance Code, is amended.

SECTION 23. The following provisions of the Insurance Code are repealed:

- (1) Section 1575.103;
- (2) Section 1575.156(b);
- (3) Section 1575.158(b);
- (4) Section 1575.1581;
- (5) Sections 1575.161(b), (c), (d), and (e);
- (6) Section 1575.201(b);
- (7) Section 1575.205;
- (8) Section 1575.211(b); and
- (9) Section 1575.212(a).

SECTION 24. The changes in law made by this Act apply only to health benefits provided under Chapter 1575, Insurance Code, as amended by this Act, beginning with the 2018 plan year. A plan year before the 2018 plan year is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 25. This Act takes effect September 1, 2017.

SECTION 23. Same as introduced version.

SECTION 24. Same as introduced version.

SECTION 25. Same as introduced version.

SECTION 26. Same as introduced version.