

SUBJECT: Community/junior college participation in state health insurance plan

COMMITTEE: Pensions and Investments — committee substitute recommended

VOLE: 7 ayes — Telford, Woolley, Berlanga, Goolsby, Serna, Tillery Williams
0 nays
2 absent — Rangel, Sadler

WITNESSES: For — James Anderson and B. William Bebee, Central Texas College
Against — None
On — Martha Brown, Texas Tech University and Texas Tech University Health Sciences Center

DIGEST: Under CSHB 978, employees of a public community or junior college whose job requires them to work outside Texas would be ineligible to participate in the state group health insurance plan, unless specifically authorized by the college. Working outside the state would be defined as performing 75 percent of their job outside the state.

The bill would take effect September 1, 1997 and apply to insurance policies issued, delivered or renewed after that date.

SUPPORTERS SAY: This bill would save Central Texas College (CTC) about \$685,000 a year by allowing the college the option of providing health insurance for employees working outside the state rather than being required to do so. Most of the Central Texas College's employees are covered under federal health insurance plans, and the school intends to provide health insurance for those not otherwise covered. Nevertheless, in some cases the requirement of providing health care to its out-of-state employees puts the school at a competitive disadvantage in the unique circumstances under which it operates.

Central Texas College in Killeen has over 70,000 students on various campuses around the world and must offer to pay health insurance coverage for local employees in these far flung campuses even though the state does not provide money to pay for the health insurance of employees who do not work in Texas. Most of the out-of-state employees are military dependents or retired military personnel who are entitled to health insurance under federal programs.

This bill would also make CTC more competitive with other education providers to U.S. military around the world. Most of CTC contracts are with the Department of Defense(DOD). The DOD contracts require employees to be paid 90 cents an hour for insurance benefits. An employee working 20 hours per week receives \$78 a month in insurance value and an employee who works 40 hours per week receives \$156 in insurance value per month. Under the state ERS health plan the average monthly benefits comes to \$210 per month. Under current law, CTC pay between \$54 and \$132 a month more than the federally mandated benefit level, which put them at a disadvantage with other competitors wishing to provide educational services to military personnel overseas.

OPPONENTS
SAY:

No apparent opposition.