

SUBJECT: Authorizing counties to provide group health and related benefits

COMMITTEE: County Affairs — favorable, with amendment

VOTE: 6 ayes — Lewis, W. Smith, Chisum, Farabee, Flynn, Quintanilla

0 nays

3 absent — Casteel, Farrar, Olivo

WITNESSES: For — Jim Allison, County Judges and Commissioners Association of Texas; Bill Bailey, Texas Association of Counties; Eileen C. Begle and David Kester, Harris County

Against — None

BACKGROUND: Local Government Code, ch. 157, subchapter A governs medical care, hospitalization, and insurance benefits for county officers and employees. Sec. 157.002 authorizes commissioners courts to provide medical care, hospitalization, and accident, hospital, and disability insurance for county or flood-control district officers, employees, retirees from these positions, and their dependents. The commissioners courts may contract with a county-operated hospital or a hospital operated jointly by a municipality and county, or may provide care in a private hospital.

Before adopting a rule under sec. 157.002, a commissioners court must publish notice in a county newspaper at least once a week for two consecutive weeks. The first notice must appear before the 15th day before the date of the hearing. The notice must provide a brief summary of the rule as well as the time and day of the public hearing. A county providing coverage under the authority of sec. 157.002 must reinsure its potential liability or buy stop-loss coverage for any amount of the potential liability in excess of 125 percent of projected paid losses. The county may reinsure any amount of its potential liability that is 125 percent or less of projected paid losses.

Sec. 157.003(a) authorizes a county that adopts rules for providing health benefits under sec. 157.002 to require participating employees and others to

contribute to a hospital and insurance fund for county employees, which pays for medical care, hospitalization, or insurance. The county and participating flood-control districts must contribute to the fund.

Government Code, sec. 551.041 requires a governmental body to give written notice of the date, hour, place, and subject of each meeting the body holds. This notice must be posted in a place readily accessible to the general public at all times for at least 72 hours before the scheduled time of the meeting, with certain exceptions.

Local Government Code, sec. 172.005 authorizes a political subdivision to establish or agree with other political subdivisions to establish a risk pool to provide health and accident coverage for officials, employees, retirees, employees of affiliated service contractors, and their dependents. A pool may contract to buy insurance coverage for people who are covered by the pool from an insurance company authorized to do business in the state.

DIGEST: HB 2053, as amended, would create subchapter F under Local Government Code, ch. 157, governing group health and related benefits for county or flood-control district officers, employees, and retirees.

The county commissioners court could provide group health and related benefits to county or flood-control district officers, employees, and retirees. The county could provide the benefits through a risk pool organized under Local Government Code, ch.172. Group health and related benefits would include medical and surgical care, hospitalization, and pharmaceutical, vision, dental, mental health, and substance-abuse benefits. Dependents of retirees would not be entitled to these benefits.

The county commissioners court could provide these group health and related benefits through insurance, self-insurance, a contract with a county-operated hospital, a city-county hospital, or a private hospital.

The bill would authorize, but not require, a county providing coverage under this authority to reinsure its potential liability or buy stop-loss coverage for any amount of the potential liability in excess of projected paid losses.

Before adopting any rule, the commissioners court would have to provide notice of a hearing in accordance with Government Code, ch. 551. The county could reinsure its potential liability or buy stop-loss coverage for any amount of potential liability in excess of projected paid losses.

The county could require participants in the group health and related benefits plan to pay for the plan. The commissioners court could establish a nonprofit trust fund under the Insurance Code to pay for the plan. The county and any participating flood-control district also could contribute to the fund.

The bill would take effect September 1, 2003.

**SUPPORTERS
SAY:**

HB 2053, as amended, would update legislation governing health benefits for county and flood-control district employees by introducing minor changes to reflect changing practices, law, and economics of health care. Most counties already provide hospitalization, vision, dental, and mental health benefits. The bill explicitly would authorize these benefits to bring the practice into conformity with the requirement that counties exercise only the authority granted them by the state. Similarly, the bill would require compliance with only the Open Meetings Law, which the public now expects as the standard practice for receiving notice of public meetings. Additional publication requirements delay rule making and no longer are necessary.

More substantively, the bill would give counties needed flexibility to plan for the health care of their employees, their dependents, and retirees. For example, only three health-care providers submitted bids to cover Harris County's beneficiaries during its most recent request for health-care provider proposals, and one of those bidders no longer is in business. Because the expense of health care continues to climb while counties employees grow older, it is possible that no health-care provider will bid for Harris County's or other counties' business in the future. Harris County's current contract expires in March 2004. In response, HB 2053 would enable counties to embrace self-insurance and other methods of finance to continue satisfying the needs of their workers and other beneficiaries.

**OPPONENTS
SAY:**

HB 2053 potentially could harm some current health-care beneficiaries and signal a trend toward fewer health-care benefits for county employees in general. In contrast to existing law affecting all counties, the bill would not

require counties to reinsure any projected losses or to contribute to a nonprofit trust that the county could establish to collect and administer contributions from health-plan participants. Moreover, the bill would end counties' obligation to provide treatment for dependents of retirees from county employment.

As amended, HB 2053 would confuse the status of the law by creating subchapter F under Local Government Code, ch. 157, affecting all counties, without repealing subchapter A, the current statute that authorizes counties to provide health-care for employees and certain other beneficiaries.

NOTES:

As filed, HB 2053 would have applied the provisions for group health and related benefits only to a county with a population of 3.2 million or more (Harris County). The committee amendment would remove the limitation on the bill's application and would specify that a commissioners court could provide for group health and related benefits through an intergovernmental risk pool organized under Local Government Code, ch. 172.