

BILL ANALYSIS

Senate Research Center
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H.B. 2053
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State Affairs
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Committee Report (Amended)

DIGEST AND PURPOSE

Chapter 157, Local Government Code, originally was enacted over 20 years ago to give Texas counties the authority to provide "hospitalization insurance" as a benefit for county employees, officials and their dependents. While there have been many changes in the provision of employee benefits since the enactment of the original hospitalization insurance statute, the statute has not been updated to reflect modern terminology, changes in available benefits, new financing options, and the need for greater flexibility in the provision of benefits.

H.B. 2053 modernizes the hospitalization insurance statute for certain populous counties to reflect the changes in the provision of benefits to county employees, officials and their dependents. The bill updates terminology and gives county commissioners courts the ability to provide benefits through a variety of financing arrangements.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 157, Local Government Code, by adding Subchapter F, as follows:

SUBCHAPTER F. GROUP HEALTH AND RELATED BENEFITS

Sec. 157.101. GROUP HEALTH AND RELATED BENEFITS. (a) Authorizes a commissioners court by rule, including through an intergovernmental risk pool organized under Chapter 172, to provide for group health and related benefits, including medical care, surgical care, hospitalization, and pharmaceutical, life, accident, disability, long-term care, vision, dental, mental health, and substance abuse benefits, for certain persons if their salaries are paid from the funds of the county or of a flood control district located entirely in the county or if they are employees of another governmental entity for which the county is obligated to provide benefits.

(b) Authorizes the commissioners court to provide the benefits under Subsection (a) through insurance, self-insurance, or a contract with a county-operated hospital, a hospital operated jointly by a municipality and county, or a private hospital.

(c) Requires a rule adopted under this section relating to a person's group health or related benefits coverage to be included in the person's employment contract or otherwise communicated in writing to the person.

(d) Authorizes a rule adopted under this section to be subject to the approval of the county auditor.

(e) Requires the commissioners court, before adopting a rule under this section, to provide notice of a hearing about the proposed adoption in accordance with Chapter 551, Government Code. Provides that at the hearing, an employee or

taxpayer of the county is entitled to appear and protest the adoption of a rule.

(f) Authorizes a county providing coverage under this section to reinsure its potential liability or purchase stop-loss coverage for any amount of potential liability that is in excess of projected paid losses. Requires a county that reinsures its potential liability or purchases stop-loss coverage for any amount of potential liability to do so from an insurance company admitted to do business in this state that holds a certificate of authority from the Texas Department of Insurance or an intergovernmental risk pool organized under Chapter 172.

Sec. 157.102. GROUP HEALTH AND RELATED BENEFITS FUND. (a) Authorizes the commissioners court of a county that adopts rules under Section 157.101 to require persons participating in the group health and related benefits plan to contribute toward the payment of the plan. Authorizes the commissioners court to establish a fund to pay for the group health and related benefits. Authorizes the fund to take the form of a single nonprofit trust as described by Section 2(c)(1), Article 4.11, Insurance Code.

(b) Requires a person who elects to participate in any aspect of the group health and related benefits plan and is required to make contributions toward the payment of the plan to authorize contributions to the fund by salary deduction. Requires the authorization to be submitted in writing to the county officer authorized by the commissioners court to administer payroll deductions. Provides that the authorization remains in effect as long as the person is required to make contributions toward the payment of the plan. Provides that if the amount of the person's required contributions changes after the date the request for deduction is submitted, the county is required to notify the person of the change before the change takes effect. Authorizes the county and any participating flood control district to also contribute to the fund.

(c) Authorizes the fund to be used only for the purposes stated in Subsection (a). Provides that employees who are discharged or who end their employment voluntarily have no vested right to contributions made to the fund. Requires the fund to continue to be used for the benefit of the remaining employees.

(d) Requires claims to be paid from the fund in the same manner as provided by law for the payment of other claims of the county or flood control district.

(e) Requires the remaining funds, if a plan established under this section is terminated by the commissioners court, to be transferred to the county and to any participating flood control district in proportion to the total contributions made by them.

Sec. 157.103. SUBROGATION. (a) Provides that a county that has paid group health and related benefits for a sheriff, deputy sheriff, constable, deputy constable, or other county or precinct law enforcement official is subrogated to the law enforcement official's right of recovery for personal injuries caused by another to the extent of the payments made by the county.

(b) Prohibits a county from refusing to pay group health and related benefits on the ground that the law enforcement official has a claim for damages for personal injury.

Sec. 157.104. PAYMENTS FOR CERTAIN HEALTH COVERAGE. Authorizes a county to purchase and pay premiums for coverages as described by Section 157.006.

SECTION 2. Effective date: September 1, 2003.

LIST OF COMMITTEE AMENDMENTS

Committee Amendment No 1:

Amend H.B. 2053 as follows:

(1) In SECTION 1 of the bill, proposed Sec. 157.101(a)(5), Local Government Code (page 2, lines 4-5), strike “Subdivisions (1)-(3)” and substitute “Subdivisions (1)-(4)”.

(2) Immediately following SECTION 1 (engrossed version page 4, between lines 20 and 21), insert the following:

Sec. 157.105. APPLICABILITY OF SUBCHAPTER. (a) A county that chooses to provide medical or related benefits may operate under this subchapter or Subchapter A.

(b) A county operating under this subchapter that previously created a fund under Section 157.003 may continue the fund or may terminate the fund and create a fund as provided by Section 157.102.

SECTION 2. Subchapter A, Chapter 157, Local Government Code, is amended by adding Section 157.007 to read as follows:

Sec. 157.007. APPLICABILITY OF SUBCHAPTER. (a) A county that chooses to provide medical or related benefits may operate under this subchapter or Subchapter F.

(b) A county operating under this subchapter that previously created a fund under Section 157.102 may continue the fund or may terminate the fund and create a fund as provided by Section 157.003.

(3) Renumber the SECTIONS of the bill appropriately.