

BILL ANALYSIS

Senate Research Center

S.B. 1169
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State Affairs
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DIGEST AND PURPOSE

In an effort to control escalating health insurance costs there has been development of consumer-driven health benefit plans. Medical Savings Accounts are one type of consumer-driven health benefit plan. Since the legislature met in 2001, a new benefit plan "Health Reimbursement Account" has been introduced. As proposed, S.B. 1169 provides state employees with the opportunity to participate in health reimbursement accounts, a new IRS-approved health plan similar to medical savings accounts but with the "roll-over" of unused health care dollars from year to year.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the board of trustees established under Chapter 815, Government Code, to administer the Employees Retirement System of Texas in SECTION 1 (Section 1551.218, Insurance Code), of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter E, Chapter 1551, Insurance Code, as effective June 1, 2003, by adding Section 1551.218, as follows:

Sec. 1551.218. HEALTH REIMBURSEMENT ARRANGEMENTS. (a) Requires the board of trustees of the Employees Retirement System to offer coverage through health reimbursement arrangements. Requires the board of trustees to develop, implement, and administer health reimbursement arrangements.

(b) Authorizes health reimbursement arrangements offered under this section to only reimburse expenses for medical care, as defined by Section 213(d), Internal Revenue Code of 1986.

(c) Requires the board of trustees by rule to establish the maximum dollar amount for a coverage period that may be reimbursed under a health reimbursement arrangement. Requires any unused portion of the maximum dollar amount at the end of a coverage period to be carried forward to increase the maximum reimbursement amount in subsequent coverage periods.

(d) Authorizes the board of trustees to enter into a contract or agreement with an independent and qualified agency, individual, or entity to:

(1) develop, implement, or administer health reimbursement arrangements; or

(2) assist in those activities.

SECTION 2. Amends Subchapter G, Chapter 1551, Insurance Code, as effective June 1, 2003, by adding Section 1551.321, as follows:

Sec. 1551.321. FUNDING OF HEALTH REIMBURSEMENT ARRANGEMENTS. Requires health reimbursement arrangements offered under Section 1551.218 to be paid

for solely by the employer. Prohibits employer contributions to health reimbursement arrangements from being attributable to salary reductions or otherwise provided under the cafeteria plan.

SECTION 3. Provides that the board of trustees of the Employees Retirement System of Texas is not required to offer health reimbursement arrangements, as required by Section 1551.218, Insurance Code, as added by this Act, before September 1, 2004.

SECTION 4. Requires the board of trustees of the Employees Retirement System of Texas to adopt rules as required under Section 1551.218, Insurance Code, as added by this Act, by June 1, 2004.

SECTION 5. Effective date: September 1, 2003.