

BILL ANALYSIS

Senate Research Center
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S.B. 1572
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AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, state employees may elect to waive Employees Retirement System (ERS) coverage if they have coverage through a spouse or through TRICARE as a military retiree. State coordinators are not required to make that option known.

As proposed, S.B. 1572 requires benefits coordinators to discuss the option, and also to provide a \$60/month incentive to any employee who opts out of ERS in order to take advantage of coverage through a spouse or TRICARE. Any member who wants to opt-out must show proof of other coverage. Additionally, this bill creates an ERS "TRICARE supplement" to allow those who use TRICARE to both enrich their benefits and save the state money at the same time.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the board of trustees of the Employees Retirement System in SECTION 3 (Section 1551.221, Insurance Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1551.104(a), Insurance Code, to provide for a waiver provided by Section 1551.1045.

SECTION 2. Amends Subchapter C, Chapter 1551, Insurance Code, by adding Section 1551.1045, as follows:

Sec. 1551.1045. WAIVER. (a) Authorizes, subject to Subsection (b), an employee or annuitant to waive in writing any coverage provided under this chapter.

(b) Requires, to waive coverage under the basic coverage plan, a full-time employee to demonstrate, in the manner required by the board of trustees of the Employees Retirement System of Texas (board of trustees) (ERS), that the employee is covered by another health benefit plan that provides substantially equivalent coverage, as determined by the board of trustees, to the coverage provided by the basic coverage plan.

SECTION 3. Amends Subchapter E, Chapter 1551, Insurance Code, by adding Sections 1551.221 and 1551.222, as follows:

Sec. 1551.221. OPTIONAL SUPPLEMENTAL HEALTH COVERAGE FOR INDIVIDUALS ELIGIBLE UNDER TRICARE MILITARY HEALTH SYSTEM. (a) Requires the board of trustees to offer, as an optional coverage under the group benefits program, a supplemental health coverage program.

(b) Authorizes, under the supplemental health coverage program, an employee who is eligible to participate in the group benefits program and who is also eligible for benefits under the TRICARE Military Health System to elect to receive primary coverage under the TRICARE Military Health System. Provides that an employee participating in the supplemental health coverage program does not receive basic coverage through the group benefits program, but receives supplemental health coverage under this section.

(c) Authorizes the cost of supplemental health coverage provided under this section to be paid in the same manner as the cost of other optional coverage is paid under Subchapter G.

(d) Requires the board of trustees to contract to purchase the supplemental health coverage in accordance with current law.

(e) Authorizes the board of trustees to adopt rules to implement this section.

Sec. 1551.222. INCENTIVE PAYMENTS. (a) Authorizes the board of trustees to allow an incentive payment under this section to an employee who makes certain elections.

(b) Provides that the incentive payment authorized by this section is in the amount authorized by the General Appropriations Act and may be used by the employee, in the manner prescribed by the board of trustees, only to pay for other group coverage plans provided under the group benefits program, including the supplemental health coverage offered under Section 1551.221.

(c) Requires the board of trustees, at the time of initial enrollment in the group benefits program and during subsequent open-enrollment periods, to inform employees that they may make an election described by Subsection (a), if eligible, and receive any authorized incentive payment.

SECTION 4. Amends Subchapter G, Chapter 1551, Insurance Code, by adding Section 1551.324, as follows:

Sec. 1551.324. REDUCTION IN CONTRIBUTION FOR CERTAIN ACTIVE EMPLOYEES; INCENTIVE PAYMENTS. (a) Authorizes, notwithstanding any other provision of this subchapter, the state contribution for an employee's coverage under this chapter to be reduced, as provided in the General Appropriations Act, to reflect the reduced cost of coverage for certain employees.

(b) Authorizes, instead of the full state contribution for an employee who makes an election described by Subsection (a), the state to contribute, as specified by the General Appropriations Act, an amount for the incentive payment authorized by Section 1551.222.

SECTION 5. Effective date: upon passage or September 1, 2005.