

BILL ANALYSIS

Senate Research Center
82R1503 TRH-F

S.B. 29
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State Affairs
2/28/2011
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current health care plans offered by universities cannot be extended to graduate students who are awarded fellowships as they are not technically employees of the universities. Graduate students who are awarded fellowships must pay their own health insurance costs. However, state law allows universities to award teaching or graduate assistants health insurance as they are employees of the universities.

Universities lose possible research funding when a graduate student turns down a fellowship offer for any reason, including health care insurance needs. Fellowships add to the amount of research dollars an institution has at its disposal; in addition, some fellowships provide extra resources to universities with award recipients. Research dollars are crucial to the stature of a graduate institution and can greatly affect its regional and national rankings.

Many graduate students take second jobs, incur additional debt, or become uninsured as they seek to maximize their fellowship money. Many more prefer to seek teaching or graduate assistant employment within the university that have quality health benefits and do not apply, or even choose to decline fellowship funds.

S.B. 29 seeks to improve the number of prestigious academic fellowships sought out and accepted by Texas graduate students by extending university employee health insurance benefits to graduate and post-graduate students who are awarded prestigious fellowships in the same manner as benefits are extended to teaching or graduate assistants. An increase in fellowships would bolster research dollars, increasing the stature of Texas higher education institutions.

S.B. 29 allows students with a single fellowship award of \$10,000 or more each year, students with a combination of fellowship awards equaling \$10,000 or more each year, or individuals awarded a post-doctoral fellowship at a university to be eligible for employee group health insurance.

As proposed, S.B. 29 amends current law relating to the eligibility of certain postdoctoral fellows and graduate students to participate in health benefit programs at public institutions of higher education.

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 Subchapter C, Chapter 1551, Insurance Code, by adding Section 1551.1022, as follows:

Sec. 1551.1022. PARTICIPATION ELIGIBILITY: CERTAIN POSTDOCTORAL FELLOWS AND GRADUATE STUDENTS. (a) Provides that an individual is eligible to participate in the group benefits program if the individual, at an institution of higher education (IHE) holds a postdoctoral fellowship or holds other graduate fellowships

awarded to the individual on a competitive basis that, either singly, or in combination, are valued at not less than \$10,000.

(b) Provides that an IHE at which an individual holds a fellowship described by Subsection (a) is responsible for payment of the contributions for the individual. Requires each participant to contribute that portion of the cost of the group coverage selected by the individual that exceeds the amount of contribution funded by the IHE. Requires each participant to contribute that portion of the cost of the group coverage selected by the individual that exceeds the amount of contribution funded by the IHE. Requires that all portions of the contribution funded by the IHE be made in proportion to the source of funds from which the fellowship is paid, to the extent allowed by the terms of the fellowship.

(c) Requires an IHE, at the time of initial eligibility, to notify each of the individuals eligible to participate in the group benefits program under Subsection (a) of the individual's eligibility to participate in the program.

SECTION 2. Amends Subchapter C, Chapter 1601, Insurance Code, by adding Section 1601.1021, as follows:

Sec. 1601.1021. PARTICIPATION ELIGIBILITY: CERTAIN POSTDOCTORAL FELLOWS AND GRADUATE STUDENTS. (a) Provides that an individual is eligible to participate in the uniform program if the individual, at an institution in a system holds a postdoctoral fellowship or holds other graduate fellowships awarded to the individual on a competitive basis that, either singly or in combination, are valued at not less than \$10,000.

(b) Provides that an IHE at which an individual holds a fellowship described by Subsection (a) is responsible for payment of the contributions for the individual. Requires each participant to contribute that portion of the cost of the group coverage selected by the individual that exceeds the amount of contribution funded by the IHE. Requires that all portions of the contribution funded by the IHE be made in proportion to the source of funds from which the fellowship is paid, to the extent allowed by the terms of the fellowship.

(c) Requires an IHE, at the time of initial eligibility, to notify each of the individuals eligible to participate in the group benefits program under Subsection (a) of the individual's eligibility to participate in the program.

SECTION 3. Repealer, effective January 1, 2012: Section 1601.101(d) (relating to the eligibility to participate in the uniform program), Insurance Code.

SECTION 4. (a) Requires the board of trustees of the Employees Retirement System of Texas (board) to include coverage under Section 1551.1022, Insurance Code, as added by this Act, in an insurance policy or contract or evidence of coverage delivered, issued for delivery, or renewed on or after January 1, 2012. Authorizes the board to include coverage under Section 1551.1022, Insurance Code, as added by this Act, in an insurance policy or contract or an evidence of coverage delivered, issued for delivery, or renewed before January 1, 2012, if the board determines that the coverage may reasonably be included.

(b) Requires the governing board of The University of Texas System or The Texas A&M University System (governing board), as applicable, to include coverage under Section 1601.1021, Insurance Code, as added by this Act, in an insurance policy or contract or evidence of coverage delivered, issued for delivery, or renewed on or after January 1, 2012. Authorizes the governing board to include coverage under Section 1601.1021, Insurance Code, as added by this Act, in an insurance policy or contract or an evidence of coverage delivered, issued for delivery, or renewed before January 1, 2012, if the governing board determines that the coverage may reasonably be included.

SECTION 5. Effective date, except as otherwise provided by this Act: September 1, 2011.