

AN ACT

relating to certain group benefits for retired school employees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1575.002, Insurance Code, as effective June 1, 2003, is amended by repealing Subdivision (2), amending Subdivisions (1), (3), (4), and (7) and adding Subdivision (6-a) to conform to Section 3.03, Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001, and to conform more closely to the source law from which the section was derived, and further amended to read as follows:

(1) "Active employee" means a contributing member of the Teacher Retirement System of Texas [~~an employee as defined by Section 821.001, Government Code~~], who:

(A) is employed by a public school [~~a member of the system~~]; and

(B) is not entitled to coverage under a plan provided under Chapter 1551 or 1601.

(3) "Carrier" means an insurance company or hospital service corporation authorized by the department under this code or another insurance law of this state to provide any of the insurance coverages, benefits, or services provided by this chapter.

(4) "Fund" means the retired [~~Texas public~~] school employees group insurance fund.

(6-a) "Public school" means:

- 1 (A) a school district;
 2 (B) another educational district whose employees
 3 are members of the Teacher Retirement System of Texas;
 4 (C) a regional education service center
 5 established under Chapter 8, Education Code; or
 6 (D) an open-enrollment charter school
 7 established under Subchapter D, Chapter 12, Education Code.

8 (7) "Trustee" [~~"System"~~] means the Teacher Retirement
 9 System of Texas.

10 SECTION 2. Section 1575.004, Insurance Code, as effective
 11 June 1, 2003, is amended to read as follows: .

12 Sec. 1575.004. DEFINITION OF RETIREE. In this chapter,
 13 "retiree" means:

14 (1) an individual not eligible for coverage under a
 15 plan provided under Chapter 1551 or 1601 who:

16 (A) is at least 65 years of age and has taken a
 17 service retirement under the Teacher Retirement System of Texas
 18 [~~system~~] with at least 10 years of service credit in the system for
 19 actual service in public schools in this state or with at least five
 20 years of service credit for actual public service in the public
 21 schools in this state and with five years of military service
 22 credited in the Teacher Retirement System of Texas; or

23 (B) has taken a service retirement under the Teacher
 24 Retirement System of Texas, and who has at least 10 years of service
 25 credit for actual public service in the public schools in this state
 26 or has at least five years of service credit for actual public
 27 service in the public schools in this state and has five years of

1 military service credited in the Teacher Retirement System of Texas,
 2 and the sum of the individual's age and amount of service credit
 3 described by this paragraph equals or exceeds the number 80 [and

4 ~~[(B) is not eligible for coverage under a plan~~
 5 ~~provided under Chapter 1551 or 1601]; or~~

6 (2) an individual who:

7 (A) has taken a disability retirement under the
 8 Teacher Retirement System of Texas [system]; and

9 (B) is entitled to receive monthly benefits from
 10 the Teacher Retirement System of Texas [system].

11 SECTION 3. (a) Section 1575.153, Insurance Code, as
 12 effective June 1, 2003, is amended to conform to Section 3.10,
 13 Chapter 1187, Acts of the 77th Legislature, Regular Session, 2001,
 14 and further amended to read as follows:

15 Sec. 1575.153. [~~AUTOMATIC~~] BASIC COVERAGE. A retiree [~~or~~
 16 ~~active employee of a participating school district]~~ who applies for
 17 coverage during an enrollment period may not be denied coverage in a
 18 basic plan provided under this chapter unless the trustee [board of
 19 ~~trustees]~~ finds under Subchapter K that the retiree [individual]
 20 defrauded or attempted to defraud the group program.

21 (b) Section 3.10, Chapter 1187, Acts of the 77th
 22 Legislature, Regular Session, 2001, is repealed.

23 SECTION 4. Subchapter D, Chapter 1575, Insurance Code, as
 24 effective June 1, 2003, is amended by adding Sections 1575.161 and
 25 1575.162 to read as follows:

26 Sec. 1575.161. OPEN ENROLLMENT; ADDITIONAL ENROLLMENT
 27 PERIODS. (a) A retiree eligible for coverage under the group

1 program may select any coverage provided under this chapter for
2 which the person is otherwise eligible:

- 3 (1) on the date that the person retires; and
4 (2) during any open enrollment periods for retirees
5 set by the trustee by rule.

6 (b) In addition to the enrollment periods authorized under
7 Subsection (a), a retiree who:

8 (1) is enrolled in the group program as of August 31,
9 2004, and who is 65 years of age or older on that date may select
10 coverage as described by Subsection (c) and (d) on September 1,
11 2004; or

12 (2) enrolls in the group program on or after September
13 1, 2004, and who is 65 years of age or older on or after that date
14 may select coverage as described in Subsection (c) and (d) on the
15 date that the retiree is 65 years of age.

16 (c) If a retiree described by Subsection (b) is not covered
17 by the Medicare program, the retiree may enroll in the next-higher
18 coverage tier under the group program and may add dependent
19 coverage in that same coverage tier.

20 (d) If a retiree described by Subsection (b) is covered by
21 the Medicare program, the retiree may enroll in any coverage tier
22 under the group program and may add dependent coverage in that same
23 coverage tier.

24 (e) This section does not affect the right of a retiree
25 enrolled in a coverage tier under the group program to select a
26 lower level of coverage at any time.

27 Sec. 1575.162. SPECIAL ENROLLMENTS. This chapter does not

1 limit the ability of an individual to enroll in the group program if
2 the individual:

3 (1) experiences a special enrollment event as provided
4 by the Health Insurance Portability and Accountability Act of 1996
5 (Pub. L. No. 104-191, 110 Stat. 1936 (1996)), as amended; and

6 (2) is otherwise eligible to enroll in the group
7 program.

8 SECTION 5. Section 1575.201, Insurance Code, as effective
9 June 1, 2003, is amended to read as follows:

10 Sec. 1575.201. ADDITIONAL STATE CONTRIBUTIONS; CERTAIN
11 CONTRIBUTIONS. (a) The state through the trustee [~~system~~] shall
12 contribute from money in the fund:

13 (1) the total cost of the basic plan covering each
14 participating retiree; and

15 (2) for each participating dependent, surviving
16 spouse, and surviving dependent child, the amount prescribed by the
17 General Appropriations Act to cover part of the cost of the basic
18 plan covering the dependent, surviving spouse, and surviving
19 dependent child.

20 (b) The trustee shall collect the amount of premium required
21 for basic coverage under the group program that exceeds the amount
22 contributed by the state for those individuals described by
23 Subsection (a)(2).

24 SECTION 6. Subsection (a), Section 1575.202, Insurance
25 Code, as effective June 1, 2003, is amended to read as follows:

26 (a) Each state fiscal year, the state shall contribute to
27 the fund an amount equal to one [~~0.5~~] percent of the salary of each

1 active employee.

2 SECTION 7. Subsection (a), Section 1575.203, Insurance
3 Code, as effective June 1, 2003, is amended to read as follows:

4 (a) Each state fiscal year, each active employee shall, as a
5 condition of employment, contribute to the fund an amount equal to
6 0.5 [~~0.25~~] percent of the employee's salary.

7 SECTION 8. Subchapter E, Chapter 1575, Insurance Code, as
8 effective June 1, 2003, is amended by adding Sections 1575.211 and
9 1575.212 to read as follows:

10 Sec. 1575.211. COST SHARING. (a) The total costs for the
11 operation of the group program shall be shared among the state, the
12 public schools, the active employees, and the retirees in the
13 manner prescribed by the General Appropriations Act.

14 (b) In determining the allocation of total costs under this
15 section, the state shall pay not more than 55 percent of the total
16 costs, retirees shall pay at least 30 percent of the total costs,
17 and the balance shall be paid by active employees and public
18 schools.

19 Sec. 1575.212. PAYMENT BY RETIREES; RANGES. (a) The
20 trustee by rule shall establish ranges for payment of the share of
21 total costs allocated under Section 1575.211 to retirees, with
22 different levels for:

23 (1) retirees who are not eligible to participate in
24 Part A of the Medicare program;

25 (2) retirees who are eligible for participation but
26 are not participating in Part A of the Medicare program; and

27 (3) retirees who are eligible for participation in the

1 Medicare program and are participating in Part A of the Medicare
2 program.

3 (b) In establishing ranges for payment of the share of total
4 costs allocated under Section 1575.211 to retirees, the trustee may
5 consider the years of service credit accrued by a retiree and may
6 reward those retirees with more years of service credit.

7 SECTION 9. The following laws are repealed:

8 (1) Section 1575.154, Insurance Code, as effective
9 June 1, 2003; and

10 (2) Subsection (h), Section 823.401, Government Code.

11 SECTION 10. Effective September 1, 2003, the comptroller of
12 public accounts shall transfer \$42 million from the Texas school
13 employees uniform group coverage trust fund established under
14 Section 8, Article 3.50-7, Insurance Code, to the retired school
15 employees group insurance fund described by Subchapter G, Chapter
16 1575, Insurance Code, to compensate the retired school employees
17 group insurance fund for money transferred from that fund under
18 Section 4.01, Chapter 1187, Acts of the 77th Legislature, Regular
19 Session, 2001.

20 SECTION 11. The change in law made by this Act to Subsection
21 (a), Section 1575.202, Subsection (a), Section 1575.203, and
22 Section 1575.211, Insurance Code, takes effect September 1, 2003.

23 SECTION 12. To the extent of any conflict, this Act prevails
24 over another Act of the 78th Legislature, Regular Session, 2003,
25 relating to nonsubstantive additions to and corrections in enacted
26 codes.

27 SECTION 13. Except as otherwise provided by this Act, this

1 Act takes effect September 1, 2004.

David Swinhart
President of the Senate

Jim Cusick
Speaker of the House

I hereby certify that S.B. No. 1369 passed the Senate on May 15, 2003, by a viva-voce vote; May 30, 2003, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 31, 2003, House granted request of the Senate; June 1, 2003, Senate adopted Conference Committee Report by a viva-voce vote.

Patsy Spaw
Secretary of the Senate

I hereby certify that S.B. No. 1369 passed the House, with amendments, on May 28, 2003, by a non-record vote; May 31, 2003, House granted request of the Senate for appointment of Conference Committee; June 1, 2003, House adopted Conference Committee Report by a non-record vote.

Robert Haney
Chief Clerk of the House

Approved:

W T U N 03
Date

Rick Perry
Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
8:30 PM O'CLOCK

JUN 20 2003
Ann Shea
Secretary of State