

AN ACT

relating to the creation of an optional consumer-directed health plan for certain individuals eligible to participate in the group benefits program provided under the Texas Employees Group Benefits Act and their qualified dependents.

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

SECTION 1. Chapter 1551, Insurance Code, is amended by adding Subchapter J to read as follows:

SUBCHAPTER J. STATE CONSUMER-DIRECTED HEALTH PLAN

Sec. 1551.451. DEFINITIONS. In this subchapter:

(1) "High deductible health plan" means a health benefit plan that complies with Section 223(c), Internal Revenue Code of 1986, and other federal law.

(2) "Plan enrollee" means an employee or annuitant who is enrolled in the plan established under this subchapter.

(3) "Qualified medical expense" means an expense paid by a plan enrollee for medical care, as defined by Section 213(d), Internal Revenue Code of 1986, for the plan enrollee or the enrollee's dependents as defined by Section 152, Internal Revenue Code of 1986.

Sec. 1551.452. ESTABLISHMENT OF STATE CONSUMER-DIRECTED HEALTH PLAN. (a) The state consumer-directed health plan is established for the benefit of individuals eligible to participate in the group benefits program and those individuals' eligible

1 dependents.

2 (b) The board of trustees may adopt rules necessary to
3 administer this subchapter. In implementing this subchapter the
4 board shall:

5 (1) establish health savings accounts under this
6 subchapter and administer or select an administrator in accordance
7 with Section 1551.453 for the accounts;

8 (2) finance a self-funded high deductible health plan
9 that:

10 (A) is an integral part of the state
11 consumer-directed health plan; and

12 (B) provides health benefit coverage, including
13 preventive health care, to a plan enrollee in the state
14 consumer-directed health plan and to the dependents of a plan
15 enrollee in accordance with Section 1551.455; and

16 (3) provide to individuals eligible to participate in
17 the group benefits program information regarding the operation of
18 and option to participate in the state consumer-directed health
19 plan established under this subchapter.

20 (c) In adopting rules and administering health savings
21 accounts or selecting administrators for health savings accounts
22 under this subchapter, the board of trustees shall ensure that the
23 health savings accounts are qualified for appropriate federal tax
24 exemptions.

25 Sec. 1551.453. ACCOUNT ADMINISTRATOR. (a) The account
26 administrator selected to administer a health savings account
27 established under this subchapter must be a person:

1 (1) qualified to serve as trustee under Section
2 223(d)(1)(B), Internal Revenue Code of 1986, and the rules adopted
3 under that section; and

4 (2) experienced in administering health savings
5 accounts or other similar trust accounts.

6 (b) An account administrator is the fiduciary of a plan
7 enrollee who has a health savings account established under this
8 subchapter.

9 Sec. 1551.454. PARTICIPATION IN PROGRAM. (a) Each
10 individual eligible to participate in the basic coverage may choose
11 instead to participate in the state consumer-directed health plan
12 if the plan enrollee is an eligible individual under Section
13 223(c)(1), Internal Revenue Code of 1986. The dependents of a plan
14 enrollee may participate in the state consumer-directed health plan
15 in accordance with Section 1551.455.

16 (b) Participation in the state consumer-directed health
17 plan qualifies a plan enrollee to receive a contribution to a health
18 savings account under Section 1551.456. An individual who elects
19 not to participate in the plan is not eligible to receive a
20 contribution under that section.

21 (c) Under this section, the board of trustees has exclusive
22 authority to determine an individual's eligibility to participate
23 in the state consumer-directed health plan and may adopt rules
24 regarding eligibility to participate in the plan.

25 Sec. 1551.455. COVERAGE FOR DEPENDENTS; REQUIRED
26 CONTRIBUTIONS. (a) A plan enrollee may obtain for the enrollee's
27 dependents coverage in the state consumer-directed health plan in

1 the manner determined by the board of trustees.

2 (b) If the plan enrollee elects to obtain dependent coverage
3 under Subsection (a), the plan enrollee shall pay any required
4 contribution for the dependent coverage in the state
5 consumer-directed health plan in the manner prescribed by the board
6 of trustees.

7 (c) Amounts contributed by a plan enrollee under this
8 section may be:

9 (1) used to pay the cost of coverage in the high
10 deductible health plan not paid by the state under Section
11 1551.456(b); or

12 (2) allocated by the board of trustees to an enrollee's
13 health savings account in the manner described by Section
14 1551.456(c).

15 Sec. 1551.456. STATE CONTRIBUTION. (a) For each plan
16 enrollee, from the state contribution that would otherwise be made
17 for basic coverage for the enrollee, the state shall contribute
18 annually to a high deductible health plan under this subchapter the
19 amount that is necessary to pay the cost of coverage under the high
20 deductible health plan and does not exceed the amount the state
21 annually contributes for a full-time or part-time employee, as
22 applicable, who is covered by the basic coverage.

23 (b) For each plan enrollee's dependent covered under this
24 subchapter, from the state contribution that would otherwise be
25 made for basic coverage for the dependent, the state shall
26 contribute annually to the high deductible health plan under this
27 subchapter the same percentage of the cost of coverage under the

1 high deductible health plan as the state annually contributes for
2 dependent coverage in the basic coverage.

3 (c) Before each plan year, the board of trustees may
4 determine the amount of allocation of the state's contribution, if
5 any, to an enrollee's health savings account that would otherwise
6 be made for basic coverage for the enrollee and that remains after
7 payment for coverage under Subsection (a) or (b).

8 (d) For a calendar year, the amount of any allocations made
9 under Subsection (c) and Section 1551.455(c)(2), in the aggregate,
10 may not exceed the sum of the monthly limitations imposed by federal
11 law for health savings accounts.

12 Sec. 1551.457. PLAN ENROLLEE CONTRIBUTIONS. (a) Each plan
13 enrollee, in accordance with Section 1551.305, shall contribute any
14 amount required to cover the selected participation in the high
15 deductible health plan that exceeds the state contribution amount
16 under Section 1551.456.

17 (b) A plan enrollee may contribute any amount allowed under
18 federal law to the enrollee's health savings account in addition to
19 the state contribution under Section 1551.456.

20 (c) A plan enrollee shall make contributions under this
21 section in the manner prescribed by the board of trustees.

22 Sec. 1551.458. COORDINATION WITH CAFETERIA PLAN. (a) The
23 board of trustees has exclusive authority to determine the
24 eligibility of a plan enrollee to participate in any flexible
25 spending account that is part of a cafeteria plan offered under this
26 chapter.

27 (b) The board of trustees may adopt rules regarding the

1 eligibility of a plan enrollee to participate in any flexible
2 spending account that is part of a cafeteria plan offered under this
3 chapter.

4 (c) A plan enrollee may not participate in any flexible
5 spending account that would disqualify the enrollee's health
6 savings account from favorable tax treatment under federal law.

7 Sec. 1551.459. EXEMPTION FROM EXECUTION; UNASSIGNABILITY.
8 A state contribution to a health savings account or a high
9 deductible health plan is exempt from execution and is unassignable
10 in the same manner and to the same extent as an amount described by
11 Section [1551.011](#).

12 Sec. 1551.460. SINGLE UNDIVIDED RISK POOL. In implementing
13 and administering the state consumer-directed health plan
14 established under this subchapter, the board of trustees may not
15 divide the self-funded risk pool of the group benefits program
16 provided under this chapter or create a separate self-funded risk
17 pool for that program.

18 SECTION 2. The Employees Retirement System of Texas shall
19 develop the state consumer-directed health plan to be implemented
20 under Chapter 1551, Insurance Code, as amended by this Act,
21 including enrollment requirements, during the state fiscal
22 biennium beginning September 1, 2015, with coverage beginning
23 September 1, 2016.

24 SECTION 3. Not later than July 31, 2016, the Employees
25 Retirement System of Texas shall provide written information to
26 individuals eligible to participate in the state consumer-directed
27 health plan under Chapter 1551, Insurance Code, as amended by this

1 Act, that provides a general description of the requirements for
2 the plan as adopted under Chapter 1551, Insurance Code, as amended
3 by this Act.

4 SECTION 4. The Employees Retirement System of Texas shall
5 develop and implement the health savings account program under
6 Chapter 1551, Insurance Code, as amended by this Act, in a manner
7 that is as revenue neutral as possible.

8 SECTION 5. The Employees Retirement System of Texas shall
9 conduct a study on the implementation of the consumer-directed
10 health plan administered by the system to determine actuarial
11 impact, premium cost fluctuations, health care utilization rates,
12 the status of the risk pool, and the ages of those who opt into the
13 system. Not later than January 1, 2020, the Employees Retirement
14 System of Texas shall submit a report to the governor, the
15 lieutenant governor, the speaker of the house of representatives,
16 and members of the legislature containing the results of the study.

17 SECTION 6. This Act takes effect September 1, 2015.

President of the Senate

Speaker of the House

I certify that H.B. No. 966 was passed by the House on May 5, 2015, by the following vote: Yeas 93, Nays 50, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 966 on May 27, 2015, by the following vote: Yeas 138, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 966 was passed by the Senate, with amendments, on May 25, 2015, by the following vote: Yeas 20, Nays 11.

Secretary of the Senate

APPROVED: _____

Date

Governor