

1-1 By: Crownover, et al. (Senate Sponsor - Hancock) H.B. No. 966
1-2 (In the Senate - Received from the House May 6, 2015;
1-3 May 11, 2015, read first time and referred to Committee on State
1-4 Affairs; May 22, 2015, reported favorably by the following vote:
1-5 Yeas 6, Nays 2; May 22, 2015, sent to printer.)

1-6 COMMITTEE VOTE

| 1-7 | Yea | Nay | Absent | PNV |
|------|------------|-----|--------|-----|
| 1-8 | Huffman | X | | |
| 1-9 | Ellis | X | | |
| 1-10 | Birdwell | X | | |
| 1-11 | Creighton | | X | |
| 1-12 | Estes | X | | |
| 1-13 | Fraser | X | | |
| 1-14 | Nelson | X | | |
| 1-15 | Schwertner | X | | |
| 1-16 | Zaffirini | X | | |

1-17 A BILL TO BE ENTITLED
1-18 AN ACT

1-19 relating to the creation of an optional consumer-directed health
1-20 plan for certain individuals eligible to participate in the group
1-21 benefits program provided under the Texas Employees Group Benefits
1-22 Act and their qualified dependents.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Chapter 1551, Insurance Code, is amended by
1-25 adding Subchapter J to read as follows:

1-26 SUBCHAPTER J. STATE CONSUMER-DIRECTED HEALTH PLAN

1-27 Sec. 1551.451. DEFINITIONS. In this subchapter:

1-28 (1) "High deductible health plan" means a health
1-29 benefit plan that complies with Section 223(c), Internal Revenue
1-30 Code of 1986, and other federal law.

1-31 (2) "Plan enrollee" means an employee or annuitant who
1-32 is enrolled in the plan established under this subchapter.

1-33 (3) "Qualified medical expense" means an expense paid
1-34 by a plan enrollee for medical care, as defined by Section 213(d),
1-35 Internal Revenue Code of 1986, for the plan enrollee or the
1-36 enrollee's dependents as defined by Section 152, Internal Revenue
1-37 Code of 1986.

1-38 Sec. 1551.452. ESTABLISHMENT OF STATE CONSUMER-DIRECTED
1-39 HEALTH PLAN. (a) The state consumer-directed health plan is
1-40 established for the benefit of individuals eligible to participate
1-41 in the group benefits program and those individuals' eligible
1-42 dependents.

1-43 (b) The board of trustees may adopt rules necessary to
1-44 administer this subchapter. In implementing this subchapter the
1-45 board shall:

1-46 (1) establish health savings accounts under this
1-47 subchapter and administer or select an administrator in accordance
1-48 with Section 1551.453 for the accounts;

1-49 (2) finance a self-funded high deductible health plan
1-50 that:

1-51 (A) is an integral part of the state
1-52 consumer-directed health plan; and

1-53 (B) provides health benefit coverage, including
1-54 preventive health care, to a plan enrollee in the state
1-55 consumer-directed health plan and to the dependents of a plan
1-56 enrollee in accordance with Section 1551.455; and

1-57 (3) provide to individuals eligible to participate in
1-58 the group benefits program information regarding the operation of
1-59 and option to participate in the state consumer-directed health
1-60 plan established under this subchapter.

1-61 (c) In adopting rules and administering health savings

accounts or selecting administrators for health savings accounts under this subchapter, the board of trustees shall ensure that the health savings accounts are qualified for appropriate federal tax exemptions.

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

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

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

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

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

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

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

Sec. 1551.455. COVERAGE FOR DEPENDENTS; REQUIRED CONTRIBUTIONS. (a) A plan enrollee may obtain for the enrollee's dependents coverage in the state consumer-directed health plan in the manner determined by the board of trustees.

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

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

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

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

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

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

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

(d) For a calendar year, the amount of any allocations made

under Subsection (c) and Section 1551.455(c)(2), in the aggregate, may not exceed the sum of the monthly limitations imposed by federal law for health savings accounts.

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

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

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

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

(b) The board of trustees may adopt rules regarding the eligibility of a plan enrollee to participate in any flexible spending account that is part of a cafeteria plan offered under this chapter.

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

Sec. 1551.459. EXEMPTION FROM EXECUTION; UNASSIGNABILITY. A state contribution to a health savings account or a high deductible health plan is exempt from execution and is unassignable in the same manner and to the same extent as an amount described by Section 1551.011.

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

SECTION 3. Not later than July 31, 2016, the Employees Retirement System of Texas shall provide written information to individuals eligible to participate in the state consumer-directed health plan under Chapter 1551, Insurance Code, as amended by this Act, that provides a general description of the requirements for the plan as adopted under Chapter 1551, Insurance Code, as amended by this Act.

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

SECTION 5. It is the intent of the legislature that in implementing an optional consumer-directed health plan, the Employees Retirement System of Texas may not divide the self-funded risk pool of the state employees group benefits program provided under Chapter 1551, Insurance Code.

SECTION 6. The Employees Retirement System of Texas shall conduct a study on the implementation of the consumer-directed health plan administered by the system to determine actuarial impact, premium cost fluctuations, health care utilization rates, the status of the risk pool, and the ages of those who opt into the system. Not later than January 1, 2020, the Employees Retirement System of Texas shall submit a report to the governor, the lieutenant governor, the speaker of the house of representatives, and members of the legislature containing the results of the study.

SECTION 7. This Act takes effect September 1, 2015.

* * * * *