

1-1 By: Flynn (Senate Sponsor - Huffman) H.B. No. 4035
1-2 (In the Senate - Received from the House May 5, 2017;
1-3 May 12, 2017, read first time and referred to Committee on State
1-4 Affairs; May 19, 2017, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 19, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 4035 By: Huffman

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to eligibility and contributions for coverage under the
1-22 state employee group benefits program and health benefit plans
1-23 offered by certain university systems.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Subchapter A, Chapter 824, Government Code, is
1-26 amended by adding Section 824.0071 to read as follows:

1-27 Sec. 824.0071. DEDUCTIONS FROM SERVICE OR DISABILITY
1-28 RETIREMENT ANNUITY FOR CERTAIN UNIVERSITY INSURANCE PROGRAM
1-29 CONTRIBUTIONS. (a) In this section, "program administrator" means
1-30 the person who administers the uniform program under Section
1-31 1601.051, Insurance Code.

1-32 (b) A retiree who is participating in the uniform program
1-33 under Chapter 1601, Insurance Code, may authorize the retirement
1-34 system to deduct the amount of the contribution and any other
1-35 qualified health insurance premium from the retiree's regular
1-36 monthly service or disability retirement annuity payment if the
1-37 amount of the monthly annuity is greater than or equal to the amount
1-38 of the authorized deduction.

1-39 (c) A retiree may authorize the deduction described by
1-40 Subsection (b) on a form provided by the program administrator. The
1-41 program administrator shall maintain the record of the
1-42 authorization made under this section.

1-43 (d) The program administrator shall:

1-44 (1) notify the retirement system of the authorization
1-45 under Subsection (b); and

1-46 (2) in the manner and form prescribed by the
1-47 retirement system, provide the retirement system with the names of
1-48 the retirees and other relevant information needed by the
1-49 retirement system to administer the deduction.

1-50 (e) After making the deduction, the retirement system shall
1-51 pay to the program administrator an aggregate amount for all
1-52 retirees who authorize annuity deductions under Subsection (b).

1-53 (f) If a retiree no longer receives a monthly annuity
1-54 greater than or equal to the amount of the authorized deduction, the
1-55 retirement system:

1-56 (1) shall inform the program administrator; and

1-57 (2) is not required to make a deduction under this
1-58 section for the retiree.

1-59 (g) The retirement system shall make the authorized
1-60 deduction each month until:

1-61 (1) the date the annuity is no longer payable by the

2-1 retirement system;

2-2 (2) the retirement system is notified by the program

2-3 administrator that the retiree has canceled the authorization to

2-4 make the deduction; or

2-5 (3) the amount of the monthly annuity is no longer

2-6 greater than or equal to the amount of the authorized deduction as

2-7 described by Subsection (f).

2-8 (h) The program administrator shall reimburse the

2-9 retirement system the cost, as determined by the retirement system,

2-10 incurred by the retirement system in implementing this section.

2-11 (i) This section does not apply to an individual described

2-12 by Section 824.007(b).

2-13 SECTION 2. Section 1551.102, Insurance Code, is amended by

2-14 adding Subsection (c-1) to read as follows:

2-15 (c-1) An individual is eligible to participate in the group

2-16 benefits program as provided by Subsection (a) if:

2-17 (1) the individual meets the minimum requirements

2-18 under Subsection (c) except that the individual does not have at

2-19 least 10 years of eligible service credit as described by

2-20 Subsection (c)(1);

2-21 (2) the individual has at least 10 years of combined

2-22 service in a position for which the individual was eligible to

2-23 participate in the group benefits program or in the uniform program

2-24 under Section 1601.101; and

2-25 (3) either:

2-26 (A) the individual's greatest number of years of

2-27 state employment was in a position for which the individual was

2-28 eligible to participate in the group benefits program; or

2-29 (B) if the individual's years of employment in

2-30 positions eligible to participate in the group benefits program and

2-31 the uniform program are equal, the individual's last state

2-32 employment before retirement was in a position for which the

2-33 individual was eligible to participate in the group benefits

2-34 program.

2-35 SECTION 3. Section 1601.053, Insurance Code, is amended by

2-36 adding Subsection (c) to read as follows:

2-37 (c) Notwithstanding any other provision of this chapter, a

2-38 system may adjust a plan and coverage standards as necessary to

2-39 comply with applicable state and federal law and to provide

2-40 consistent eligibility for all plans under the program, including

2-41 eligibility for optional coverages.

2-42 SECTION 4. Section 1601.102, Insurance Code, is amended by

2-43 adding Subsection (d-1) to read as follows:

2-44 (d-1) An individual is eligible to participate in the

2-45 uniform program as provided by Subsection (a) if:

2-46 (1) the individual meets the minimum requirements

2-47 under Subsection (b) except that the individual does not have at

2-48 least 10 years of service as described by Subsection (b)(1);

2-49 (2) the individual has at least 10 years of combined

2-50 service in a position for which the individual was eligible to

2-51 participate in the uniform program or in the group benefits program

2-52 under Section 1551.101; and

2-53 (3) either:

2-54 (A) the individual's greatest number of years of

2-55 state employment was in a position for which the individual was

2-56 eligible to participate in the uniform program; or

2-57 (B) if the individual's years of employment in

2-58 positions eligible to participate in the uniform program and the

2-59 group benefits program are equal, the individual's last state

2-60 employment before retirement was in a position for which the

2-61 individual was eligible to participate in the uniform program.

2-62 SECTION 5. Subsection (f), Section 1601.102, Insurance

2-63 Code, as added by Chapter 1266, Acts of the 78th Legislature,

2-64 Regular Session, 2003, is redesignated as Subsection (h), Section

2-65 1601.102, Insurance Code, to read as follows:

2-66 (h) [~~f~~] Notwithstanding Subsection (b), an individual to

2-67 whom this subsection applies is eligible to participate in the

2-68 uniform program as provided by Subsection (a) if:

2-69 (1) the individual has at least three years of service

3-1 with a system for which the individual was eligible to participate
3-2 in the uniform program under Section 1601.101;

3-3 (2) the individual's last state employment before
3-4 retirement was with that system; and

3-5 (3) the individual retires under the jurisdiction of:

3-6 (A) the Teacher Retirement System of Texas under
3-7 Subtitle C, Title 8, Government Code;

3-8 (B) the Employees Retirement System of Texas; or

3-9 (C) subject to Subsection (c):

3-10 (i) the optional retirement program
3-11 established by Chapter 830, Government Code; or

3-12 (ii) any other federal or state statutory
3-13 retirement program to which the system has made employer
3-14 contributions.

3-15 SECTION 6. Subsection (g), Section 1601.102, Insurance
3-16 Code, as added by Chapter 1266, Acts of the 78th Legislature,
3-17 Regular Session, 2003, is redesignated as Subsection (i), Section
3-18 1601.102, Insurance Code, and amended to read as follows:

3-19 (i) ~~[(g)]~~ Subsection (h) ~~[(f)]~~ applies only to a person who,
3-20 on August 31, 2003:

3-21 (1) was eligible to participate in the uniform program
3-22 as an employee under Section 1601.101; or

3-23 (2) was eligible to participate in the uniform program
3-24 as a retired employee under this section as this section existed on
3-25 January 1, 2003.

3-26 SECTION 7. Subchapter C, Chapter 1601, Insurance Code, is
3-27 amended by adding Section 1601.1065 to read as follows:

3-28 Sec. 1601.1065. OPTIONAL BASIC COVERAGE PLAN FOR GRADUATE
3-29 STUDENTS. The system may design and offer a separate optional basic
3-30 coverage plan for employees who are graduate students. The system
3-31 shall determine the participation eligibility, coverage, payments,
3-32 contributions, and costs of a plan offered under this section.

3-33 SECTION 8. Subchapter E, Chapter 1601, Insurance Code, is
3-34 amended by adding Sections 1601.2042 and 1601.211 to read as
3-35 follows:

3-36 Sec. 1601.2042. COMPENSATION INSUFFICIENT TO COVER
3-37 DEDUCTION. If a participant's monthly compensation from which the
3-38 participant's contribution is deducted is insufficient to pay the
3-39 participant's contribution for coverage, the system may adopt rules
3-40 under which the system considers the coverage to have terminated
3-41 after the last full month for which the contribution was paid in
3-42 full, as determined by the system.

3-43 Sec. 1601.211. LIABILITY FOR BACK CONTRIBUTIONS FOR DROPPED
3-44 COVERAGE. (a) This section applies to a participant in the uniform
3-45 program for whom appropriate contributions were not made during the
3-46 entire plan year because of nonpayment of premiums.

3-47 (b) As a condition of enrollment in the same coverage for a
3-48 subsequent plan year, the participant must make a contribution
3-49 equal to the contributions not made for the plan year for which
3-50 appropriate contributions were not made during the entire plan
3-51 year, unless the nonpayment of premiums was related to a qualified
3-52 change in status, as determined by the system. The payment shall be
3-53 made in the form and manner determined by the system.

3-54 SECTION 9. The changes in law made by this Act apply only to
3-55 group coverages provided under Chapter 1601, Insurance Code,
3-56 beginning with the 2017-2018 plan year. A plan year before
3-57 2017-2018 is governed by the law as it existed immediately before
3-58 the effective date of this section, and that law is continued in
3-59 effect for that purpose.

3-60 SECTION 10. (a) Except as provided by Subsection (b) of
3-61 this section, this Act takes effect immediately if it receives a
3-62 vote of two-thirds of all the members elected to each house, as
3-63 provided by Section 39, Article III, Texas Constitution. If this
3-64 Act does not receive the vote necessary for immediate effect, this
3-65 Act takes effect September 1, 2017.

3-66 (b) Section 824.0071, Government Code, as added by this Act,
3-67 takes effect January 1, 2018.

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