

AN ACT

relating to the administration of and benefits payable under the Texas Public School Retired Employees Group Benefits Act.

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

SECTION 1. Section 1575.002, Insurance Code, is amended by amending Subdivision (5) and adding Subdivisions (5-a) and (5-b) to read as follows:

(5) "Health benefit plan" means any ~~[a group insurance policy, contract, or certificate, medical or hospital service agreement, membership or subscription contract, salary continuation plan, or similar]~~ group arrangement to provide health care benefits ~~[services]~~ or to pay or reimburse expenses for ~~[of]~~ health care services.

(5-a) "Medicare Advantage plan" means a health benefit plan operated under Part C of the Medicare program.

(5-b) "Medicare prescription drug plan" means a health benefit plan operated under Part D of the Medicare program.

SECTION 2. Subchapter A, Chapter 1575, Insurance Code, is amended by adding Section 1575.0025 to read as follows:

Sec. 1575.0025. REFERENCES TO BASIC PLAN. A reference in this code to a "basic plan" under this chapter means a health benefit plan provided under this chapter other than a Medicare Advantage plan or a Medicare prescription drug plan.

SECTION 3. Section 1575.006(a), Insurance Code, is amended

1 to read as follows:

2 (a) The following are exempt from execution, attachment,  
3 garnishment, or any other process:

4 (1) benefit payments, [~~including optional benefits~~  
5 ~~payments,~~] active employee and state contributions, and retiree,  
6 surviving spouse, and surviving dependent child contributions;

7 (2) any rights, benefits, or payments accruing to any  
8 person under this chapter; and

9 (3) any money in the fund.

10 SECTION 4. Section 1575.052(a), Insurance Code, is amended  
11 to read as follows:

12 (a) The trustee may adopt rules, plans, procedures, and  
13 orders reasonably necessary to implement this chapter, including:

14 (1) minimum benefit and financing standards for group  
15 coverage for retirees, dependents, surviving spouses, and  
16 surviving dependent children;

17 (2) [~~basic and optional~~] group coverage for retirees,  
18 dependents, surviving spouses, and surviving dependent children;

19 (3) procedures for contributions and deductions;

20 (4) periods for enrollment and selection of [~~optional~~]  
21 coverage and procedures for enrolling and exercising options under  
22 the group program;

23 (5) procedures for claims administration;

24 (6) procedures to administer the fund; and

25 (7) a timetable for:

26 (A) developing minimum benefit and financial  
27 standards for group coverage;

1 (B) establishing health benefit plans offered  
2 under the group program [plans]; and

3 (C) taking bids and awarding contracts for health  
4 benefit plans offered under the group program [plans].

5 SECTION 5. Section 1575.152, Insurance Code, is amended to  
6 read as follows:

7 Sec. 1575.152. HEALTH BENEFIT [BASIC] PLAN MUST COVER  
8 PREEXISTING CONDITIONS. A health benefit [basic] plan offered  
9 under the group program, other than a Medicare Advantage plan or a  
10 Medicare prescription drug plan, must cover preexisting  
11 conditions.

12 SECTION 6. Section 1575.153, Insurance Code, is amended to  
13 read as follows:

14 Sec. 1575.153. HEALTH BENEFIT PLAN [BASIC] COVERAGE FOR  
15 RETIREES. (a) A retiree who applies for coverage during an  
16 enrollment period may not be denied coverage in a health benefit  
17 [basic] plan provided under this chapter for which the retiree is  
18 eligible unless the trustee finds under Subchapter K that the  
19 retiree defrauded or attempted to defraud the group program.

20 (b) A retiree who has coverage under a health benefit plan  
21 offered under the group program shall pay a monthly contribution,  
22 as determined by the trustee.

23 (c) As a condition of electing coverage under a health  
24 benefit plan, the retiree must, in writing, authorize the trustee  
25 to deduct the amount of the contribution from the retiree's monthly  
26 annuity payment. The trustee shall deduct the contribution in the  
27 manner and form determined by the trustee.

1        (d) Notwithstanding Subsection (b), a retiree is not  
2 required to pay a monthly contribution under this section until the  
3 2022 plan year if the retiree:

4            (1) has taken a disability retirement under the  
5 Teacher Retirement System of Texas on or before January 1, 2017;

6            (2) is receiving disability retirement benefits from  
7 the Teacher Retirement System of Texas; and

8            (3) is not eligible to enroll in Medicare.

9        (e) This subsection and Subsection (d) expire at the end of  
10 the 2021 plan year on December 31, 2021.

11        SECTION 7. Section 1575.155(a), Insurance Code, is amended  
12 to read as follows:

13        (a) A retiree participating in the group program is entitled  
14 to secure for the retiree's dependents group coverage [~~provided for~~  
15 ~~the retiree~~] under this chapter for which the dependents are  
16 eligible under this chapter or any other law, including  
17 requirements established [~~, as determined~~] by the trustee.

18        SECTION 8. Section 1575.156, Insurance Code, is amended by  
19 amending Subsection (a) and adding Subsections (c) and (d) to read  
20 as follows:

21        (a) A surviving spouse who is entitled to group coverage  
22 under this chapter may elect to retain or obtain coverage for which  
23 the surviving spouse or dependents of the surviving spouse are  
24 eligible [~~at the applicable rate for the deceased participant~~].

25        (c) A surviving spouse who elects under this section to  
26 retain or obtain coverage under a health benefit plan offered under  
27 the group program for the surviving spouse or dependents of the

1 surviving spouse shall pay a monthly contribution, as determined by  
2 the trustee.

3 (d) As a condition of electing coverage under a health  
4 benefit plan, the surviving spouse must, in writing, authorize the  
5 trustee to deduct the amount of the contribution from the surviving  
6 spouse's monthly annuity payment. The trustee shall deduct the  
7 contribution in the manner and form determined by the trustee.

8 SECTION 9. Section 1575.157, Insurance Code, is amended to  
9 read as follows:

10 Sec. 1575.157. COVERAGE FOR SURVIVING DEPENDENT CHILD. (a)  
11 A surviving dependent child, the guardian of the child's estate, or  
12 the person having custody of the child may elect to retain or obtain  
13 group coverage for which the surviving dependent child is eligible  
14 at the applicable rate for a dependent.

15 (b) A surviving dependent child who has coverage under a  
16 health benefit plan offered under the group program shall pay a  
17 monthly contribution, as determined by the trustee. The applicable  
18 contributions must be provided by the surviving dependent child in  
19 the manner established [~~by Section 1575.205 and~~] by the trustee.

20 SECTION 10. The heading to Section 1575.158, Insurance  
21 Code, is amended to read as follows:

22 Sec. 1575.158. [~~OPTIONAL~~] GROUP HEALTH BENEFIT PLANS  
23 [~~PLAN~~].

24 SECTION 11. Section 1575.158, Insurance Code, is amended by  
25 amending Subsection (a) and adding Subsections (c), (d), and (e) to  
26 read as follows:

27 (a) The [~~Subject to Section 1575.1581, the~~] trustee shall

1 establish or [~~may, in addition to providing a basic plan,~~] contract  
2 for and make available under the group program a high deductible [~~an~~  
3 ~~optional group~~] health [~~benefit~~] plan for retirees, dependents,  
4 surviving spouses, or surviving dependent children who are eligible  
5 under Section 1575.1582.

6 (c) The trustee shall establish or contract for and make  
7 available under the group program a Medicare Advantage plan and a  
8 Medicare prescription drug plan for retirees, dependents,  
9 surviving spouses, and surviving dependent children who are  
10 eligible under Section 1575.1582.

11 (d) Notwithstanding Subsection (c), if the trustee  
12 determines that a Medicare Advantage plan or a Medicare  
13 prescription drug plan is no longer appropriate for the group  
14 program, the trustee may establish or contract for and make  
15 available under the group program other health benefit plans to  
16 provide medical or pharmacy benefits.

17 (e) To the extent the group program has available funds, the  
18 trustee shall consider implementing a plan design for non-Medicare  
19 eligible enrollees in the high deductible health plan established  
20 or made available under Subsection (a) that provides assistance in  
21 the payment of preventive care, including generic preventive  
22 maintenance medications, in a manner that is consistent with  
23 federal law.

24 SECTION 12. Subchapter D, Chapter 1575, Insurance Code, is  
25 amended by adding Section 1575.1582 to read as follows:

26 Sec. 1575.1582. ELIGIBILITY FOR GROUP HEALTH BENEFIT PLANS.

27 (a) A retiree, dependent, surviving spouse, or surviving dependent

1 child who is not eligible to enroll in Medicare is eligible to  
2 enroll in a high deductible health plan offered under the group  
3 program, subject to any other applicable eligibility requirements,  
4 including requirements established by the trustee, but is not  
5 eligible to enroll in another health benefit plan offered under the  
6 group program.

7 (b) A retiree, dependent, surviving spouse, or surviving  
8 dependent child who is eligible to enroll in Medicare is eligible to  
9 enroll in a Medicare Advantage plan or a Medicare prescription drug  
10 plan offered under the group program, subject to any other  
11 applicable eligibility requirements, including requirements  
12 established by the trustee, but is not eligible to enroll in another  
13 health benefit plan offered under the group program unless  
14 authorized by Subsection (c).

15 (c) If the trustee makes another health benefit plan  
16 available under Section 1575.158(d), any individual otherwise  
17 eligible under this section to enroll in a Medicare Advantage plan  
18 or Medicare prescription drug plan is eligible to enroll in that  
19 health benefit plan.

20 SECTION 13. Section 1575.159, Insurance Code, is amended to  
21 read as follows:

22 Sec. 1575.159. COVERAGE FOR PROSTATE-SPECIFIC ANTIGEN  
23 TEST. A health benefit plan offered under the group program, other  
24 than a Medicare Advantage plan or a Medicare prescription drug  
25 plan, must provide coverage for a medically accepted  
26 prostate-specific antigen test used for the detection of prostate  
27 cancer for each male enrolled in the health benefit plan who:

1 (1) is at least 50 years of age; or

2 (2) is at least 40 years of age and:

3 (A) has a family history of prostate cancer; or

4 (B) exhibits another cancer risk factor.

5 SECTION 14. The heading to Section 1575.161, Insurance  
6 Code, is amended to read as follows:

7 Sec. 1575.161. [~~OPEN ENROLLMENT; ADDITIONAL~~] ENROLLMENT  
8 PERIODS.

9 SECTION 15. Section 1575.161, Insurance Code, is amended by  
10 amending Subsection (a) and adding Subsection (f) to read as  
11 follows:

12 (a) A retiree eligible for coverage under the group program  
13 may select for the retiree and the retiree's eligible dependents  
14 any coverage provided under this chapter for which each of those  
15 individuals [~~the person~~] is otherwise eligible:

16 (1) on any date that is on or after the date the  
17 retiree [~~person~~] retires and on or before the 90th day after that  
18 date;

19 (2) during a period beginning on the date the retiree  
20 reaches 65 years of age and ending on a date set by the trustee by  
21 rule; and

22 (3) [~~(2)~~] during any other open enrollment periods for  
23 retirees set by the trustee by rule.

24 (f) An individual enrolled in a health benefit plan offered  
25 under the group program may remain enrolled in that health benefit  
26 plan as long as the individual remains eligible for that health  
27 benefit plan. If an individual becomes ineligible for a health



1 benefit plan in which the individual is enrolled, the trustee shall  
2 enroll the individual in a health benefit plan for which the  
3 individual is eligible, if any, in accordance with procedures  
4 established by the trustee.

5 SECTION 16. Section 1575.164(b), Insurance Code, is amended  
6 to read as follows:

7 (b) A health benefit plan provided under this chapter, other  
8 than a Medicare Advantage plan or a Medicare prescription drug  
9 plan, must provide disease management services or coverage for  
10 disease management services in the manner required by the Teacher  
11 Retirement System of Texas, including:

- 12 (1) patient self-management education;
- 13 (2) provider education;
- 14 (3) evidence-based models and minimum standards of  
15 care;
- 16 (4) standardized protocols and participation  
17 criteria; and
- 18 (5) physician-directed or physician-supervised care.

19 SECTION 17. Section 1575.170(b), Insurance Code, is amended  
20 to read as follows:

21 (b) A health benefit plan provided under this chapter, other  
22 than a Medicare Advantage plan or a Medicare prescription drug  
23 plan, that uses a drug formulary in providing a prescription drug  
24 benefit must require prior authorization for coverage of the  
25 following categories of prescribed drugs if the specific drug  
26 prescribed is not included in the formulary:

- 27 (1) a gastrointestinal drug;

- 1 (2) a cholesterol-lowering drug;
- 2 (3) an anti-inflammatory drug;
- 3 (4) an antihistamine; and
- 4 (5) an antidepressant drug.

5 SECTION 18. Section 1575.201, Insurance Code, is amended by  
6 amending Subsection (a) and adding Subsection (c) to read as  
7 follows:

8 (a) The state through the trustee shall contribute from  
9 money in the fund an ~~+~~

10 ~~[(1) the total cost of the basic plan covering each~~  
11 ~~participating retiree; and~~

12 ~~[(2) for each participating dependent, surviving~~  
13 ~~spouse, and surviving dependent child, the]~~ amount prescribed by  
14 the General Appropriations Act to cover all or part of the cost for  
15 each retiree ~~[of the basic plan covering the dependent]~~, surviving  
16 spouse, and surviving dependent child enrolled in a health benefit  
17 plan offered under the group program.

18 (c) The trustee may spend a part of the money received for  
19 the group program to offset a part of the costs for dependent  
20 coverage if the group program is projected to remain financially  
21 solvent during the currently funded biennium.

22 SECTION 19. Section 1575.202(a), Insurance Code, is amended  
23 to read as follows:

24 (a) Each state fiscal year, the state shall contribute to  
25 the fund an amount equal to 1.25 ~~[one]~~ percent of the salary of each  
26 active employee.

27 SECTION 20. Section 1575.210(a), Insurance Code, is amended

1 to read as follows:

2 (a) Contributions allocated and appropriated under this  
3 subchapter for a state fiscal year shall be:

4 (1) paid [~~from the general revenue fund~~] in equal  
5 monthly installments;

6 (2) based on the estimated amount certified by the  
7 trustee to the comptroller for that year; and

8 (3) subject to any express limitations specified in  
9 the Act making the appropriation.

10 SECTION 21. Section 1575.211(a), Insurance Code, is amended  
11 to read as follows:

12 (a) The total costs for the operation of the group program  
13 shall be shared among the state, the public schools, the active  
14 employees, [~~and~~] the retirees, the surviving spouses, and the  
15 surviving dependent children in the manner prescribed by the  
16 General Appropriations Act.

17 SECTION 22. Section 1575.212, Insurance Code, is amended by  
18 adding Subsection (a-1) and amending Subsection (b) to read as  
19 follows:

20 (a-1) The trustee shall establish and collect payments for  
21 the share of total costs allocated under Section 1575.211 to  
22 retirees, surviving spouses, and surviving dependent children.

23 (b) In establishing the payments under Subsection (a-1)  
24 [~~ranges for payment of the share of total costs allocated under~~  
25 ~~Section 1575.211 to retirees~~], the trustee may consider various  
26 factors, including an enrollee's Medicare status, health benefit  
27 plan election, and dependent coverage [~~the years of service credit~~

1 ~~accrued by a retiree and may reward those retirees with more years~~  
2 ~~of service credit].~~

3 SECTION 23. Section 1575.302, Insurance Code, is amended to  
4 read as follows:

5 Sec. 1575.302. PAYMENTS INTO FUND. The following shall be  
6 paid into the fund:

7 (1) contributions from active employees and the  
8 state~~[, including contributions for optional coverages];~~

9 (2) investment income;

10 (3) appropriations for implementation of the group  
11 program; and

12 (4) other money required or authorized to be paid into  
13 the fund.

14 SECTION 24. The following provisions of the Insurance Code  
15 are repealed:

16 (1) Section 1575.103;

17 (2) Section 1575.156(b);

18 (3) Section 1575.158(b);

19 (4) Section 1575.1581;

20 (5) Sections 1575.161(b), (c), (d), and (e);

21 (6) Section 1575.201(b);

22 (7) Section 1575.205;

23 (8) Section 1575.211(b); and

24 (9) Section 1575.212(a).

25 SECTION 25. The changes in law made by this Act apply only  
26 to health benefits provided under Chapter 1575, Insurance Code, as  
27 amended by this Act, beginning with the 2018 plan year. A plan year

1 before the 2018 plan year is governed by the law as it existed  
2 immediately before the effective date of this Act, and that law is  
3 continued in effect for that purpose.

4 SECTION 26. This Act takes effect September 1, 2017.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 3976 was passed by the House on May 4, 2017, by the following vote: Yeas 140, Nays 0, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 3976 on May 24, 2017, by the following vote: Yeas 139, Nays 0, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 3976 was passed by the Senate, with amendments, on May 21, 2017, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor