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H.B. No. 966

A BILL TO BE ENTITLED

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

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

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

1 that is as revenue neutral as possible.

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

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