

CHAPTER 141

S.B. No. 295

An Act relating to insurance coverage and funding of premiums for employees of state colleges and universities; amending Sections 2, 11, 12, and 17, and Subsection (b), Section 4, Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code).

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Sections 2, 11, 12, and 17, Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code), are amended to read as follows:

"Section 2. **PURPOSES.** It is hereby declared that the policy and purposes of this Act are:

"(a) to provide uniformity in the basic group life, accident, and health insurance coverages for all employees of Texas state colleges and universities;

"(b) to enable Texas state colleges and universities to attract and retain competent and able employees by providing them with basic life, accident, and health insurance coverages *comparable [at least equal]* to those commonly provided in private industry and those provided employees of other agencies of the State of Texas under the Texas Employees Uniform Group Insurance Benefits Act;

"(c) to foster, promote, and encourage employment by and service to the state colleges and universities of Texas as a career profession for persons of high standards of competence and ability;

"(d) to recognize and protect the investment of the Texas state colleges and universities in each employee by promoting and preserving economic security and good health among employees of the Texas state colleges and universities;

"(e) to foster and develop high standards of employer-employee relationships between the Texas state colleges and universities and their employees;

"(f) to recognize the long and faithful service and dedication of employees of the Texas state colleges and universities and to encourage them to remain in service until eligible for retirement by providing health insurance and other group insurance benefits for such employees;

"(g) to provide for greater uniformity of procedures for administration of retirement annuity insurance programs available to employees of Texas state colleges and universities through the optional retirement programs and tax sheltered annuity programs."

"Section 11. **AUTOMATIC COVERAGE.** No eligible employee shall be denied enrollment in any of the coverages provided by this Act; provided, however, that the employee may waive in writing any or all such coverages. Each policy of insurance shall provide for automatic coverage on the date the employee becomes eligible for insurance. From the first day of employment, each active full-time employee who has not waived basic coverage or selected optional coverages shall be protected by a basic plan of insurance coverage automatically. *If the cost of an active employee's basic coverage exceeds the amount appropriated by the legislature for an employee, the institution must provide optional coverage at no cost to the employee. If the employee chooses the basic coverage rather than optional coverage, the institution may deduct from the monthly compensation of the employee up to one-half of the amount that exceeds the state's contribution for an employee, and the institution shall pay the difference. [The premium for such coverage shall not exceed the amount of the employer contribution.]* Each employee who is automatically covered under this section may subsequently retain or waive the basic plan and may make application for any other coverages provided under this Act within institutional and administrative council standards.

"Section 12. **PAYMENT OF PREMIUM.** Each institution and agency covered under the provisions of this Act shall contribute monthly to the cost of each insured employee's coverage no less than the amount appropriated therefor by the legislature in the General Appropriations

Act. An amount equal to the amount appropriated for an employee under the General Appropriations Act shall be appropriated for each employee [or as determined] by the governing board of the institution in its respective official operating budget, if the employees are compensated from funds appropriated by such budgets rather than by the General Appropriations Act. The employee shall authorize in writing and in a form satisfactory to the institution a deduction from his monthly compensation of the difference between the total cost of premiums [benefits] and the amount contributed therefor by the institution or agency."

"Section 17. COVERAGE FOR DEPENDENTS. Any employee or retired employee shall be entitled to secure for his dependents any uniform group insurance coverages provided for such dependents under the rules and regulations to be promulgated by the administrative council. Premium [Such] payments required of the employee or retired employee in excess of employer contributions [for such coverages for dependents] shall be deducted from the monthly pay of the employee or paid in such manner and form as the administrative council shall determine."

SECTION 2. Subsection (b), Section 4, Texas State College and University Employees Uniform Insurance Benefits Act (Article 3.50-3, Vernon's Texas Insurance Code), is amended to read as follows:

"(b) The administrative council shall be selected, serve, and perform duties as hereinafter described:

"(1) Selection. (A) Acting as a group, the presidents of the six senior level institutions having the highest number of employees as defined in this Act, based on the most current statistical reports of the Coordinating Board, Texas College and University System, shall with prior consultation with all other presidents of all senior level institutions covered by this Act, designate three representatives to serve as members of the council. The persons so designated shall be employees as defined in this Act and may be from any of the senior level institutions.

"(B) Acting as a group, the presidents of the three junior level institutions or technical institutions having the highest number of employees as defined in this Act, based on the most current statistical reports of the Coordinating Board, Texas College and University System, shall with prior consultation with all other presidents of all junior level institutions covered by this Act, designate three representatives to serve as members of the council. The persons so designated shall be employees as defined in this Act and may be from any of the junior level institutions or technical institutions.

"(C) The commissioner of higher education shall appoint three members of the council, which members shall not be subject to the restrictions in Section 4(b)(2).

"(2) Qualifications of members. The persons designated as members of the administrative council, in addition to being employees as defined in this Act, shall have demonstrable qualifications for the administration of the program established by this Act.

"(3) Terms of membership. (A) Except for initial appointments, all appointments shall serve for a period of six years each except for appointments to fill vacancies occurring in cases of incomplete terms, in which case the appointment shall be for the remainder of the unexpired term.

"(B) The administrative council initially shall be established as follows:

"(i) Of the three appointments made by the presidents of senior level institutions as described in Subsection (b)(1)(A) of this section, one of the members so appointed shall serve for a period of six years, one shall serve for a period of four years, and one shall serve for a period of two years from the effective date of this Act. Thereafter terms of all appointees shall be for six years.

"(ii) Of the three appointments made by the presidents of the junior level institutions or technical institutions as described in this Act, one of these appointments shall be for a period of six years, one shall be for a period of four years, and one shall be for a period of two years from the effective date of this Act. Thereafter terms of all appointees shall be for six years.

"(iii) The members thus appointed shall, at the first organizational meeting of the administrative council, draw lots for terms of office as described above in this Act and shall elect a chairman and other such officers as may be necessary. Thereafter, elections shall be held annually for the chairmanship and other such offices.

"(4) Duties. The administrative council shall:

"(A) determine basic coverage standards which shall be comparable [at least equal] to those commonly provided in private industry and those provided employees of other agencies of the State of Texas under the Texas Employees Uniform Group Insurance Benefits Act, after considering recommendations of the advisory committee. In determining these standards, the council may provide reasonable flexibility for institutions to design a plan around existing local conditions.

“(B) require each institution to include in its respective bid documents for the various coverages a provision calling for each bidder to identify its administrative cost as a distinguishable figure and to enumerate what services the bidder will render in exchange for the administrative costs so identified.

“(C) determine basic procedural and administrative practices for insurance coverages to be provided employees covered under the provisions of this Act, after considering recommendations of the advisory committee.

“(D) determine if existing institutional programs meet, equate to, or exceed standards for such basic coverages. If so, such programs may be continued in accordance with existing contractual arrangements between those institutions and their carrier or carriers, provided, however, that each program so continued shall be submitted by the institution for competitive bidding within standards established by the administrative council at least once *every six years* [~~during each four-year period following the effective date of coverage under this Act~~]. It is further provided that:

“(i) The State Board of Insurance shall provide, by request of the institution, a list of all carriers authorized to do business in the State of Texas and who will be eligible to bid on the insurance coverage or coverages provided in this Act.

“(ii) The State Board of Insurance shall, upon request by the institution, examine and evaluate the bidding contracts and certify their actuarial soundness to the institution within 15 days from the date of request.

“(iii) The institution is not required to select the lowest bid, but shall take into consideration other factors such as ability to service contracts, past experience, financial stability, and other relevant criteria. Should the institution select a carrier whose bid differs from that advertised, such deviation shall be reported to the administrative council and the reasons for such deviation shall be fully justified and recorded in the minutes of the next meeting of the administrative council.

“(iv) The institution shall select and contract for services performed by health maintenance organizations that are approved by the federal government, if available, or by the State of Texas, if available, to offer health-care services to eligible employees and retired persons in a specific area of the state. Eligible employees and retired persons may participate in a selected health maintenance organization in lieu of participation in the health insurance benefits under this Act, and the employer contributions provided by Section 13 of this Act for health-care coverage shall be paid to the selected health maintenance organizations on behalf of the participants. A health maintenance organization that has been approved to provide health-care services to employees and retired persons of the state under the Texas Employees Uniform Group Insurance Benefits Act (Article 3.50-2, Vernon's Texas Insurance Code) is qualified upon proper application to the institution to provide similar services to eligible employees and retired persons of any institution or agency under this Act located in the same area of the state. More stringent requirements may not be imposed on health maintenance organizations under this Act than are imposed by the state or by the federal government.

“(E) determine those institutions whose programs contain deficiencies with regard to the basic standards, administrative costs, and practices provided for under this Act. Where such program deficiencies occur, the president of each institution found to be deficient shall be notified of such program deficiencies by the administrative council, which shall also report its action to the commissioner of higher education, and the institution shall be provided a reasonable deadline not to exceed two years for correcting said deficiencies. The affected institution may appeal this determination of deficiency to the Coordinating Board, Texas College and University System. The board shall within 90 days from receipt of the appeal either affirm or reverse the decision of the administrative council. In case of reversal the board shall return the appeal to the administrative council with written instructions for disposition. Where institutions do not correct said deficiencies as directed by the administrative council, the council is hereby authorized and empowered to direct the institution to establish such plans as determined by the council, and to report its action to the commissioner of higher education. If such plans are not established within a reasonable time period not to exceed six months from date of notification, the council shall notify the state comptroller of public accounts, who shall withhold state insurance premium matching funds from the affected institutions until notified by the administrative council that the deficiencies have been corrected. These notifications to the state comptroller shall be reported to the commissioner of higher education.

“(F) provide that the governing boards of two or more institutions of higher education may procure one or more group contracts with any insurance company or companies authorized to do business in this state, insuring the employees of each participating institution. The purpose of such authorization shall be to provide institutions of higher education with the ability to obtain the benefits of economy and/or improved coverages for their employees which may occur through increased purchasing economies for larger groups of employees. All contracts for basic

coverages negotiated from the effective date of this Act shall be in compliance with basic coverage standards, rules, and regulations of the administrative council promulgated pursuant to this Act. Each governing board may provide such additional or optional insurance programs and coverages as it deems desirable for its employees.

“(G) adopt rules and regulations consistent with the provisions of this Act and its purpose as it deems necessary to carry out the statutory responsibilities.

“(H) require that procedures be established by each institution to allow each covered employee to obtain prompt action regarding claims pertaining to insurance provided under this Act.

“(I) publish such additional goals, guidelines, and surveys as are necessary to assist covered institutions in providing their employees with effective benefits programs.

“(J) develop policies, practices, and procedures as necessary in accordance with provisions of applicable statutes to provide for greater uniformity in the administration of retirement annuity insurance programs available to employees of Texas state colleges and universities through the Optional Retirement Program, Article 51.351 et seq., Texas Education Code, as amended, and tax sheltered annuity programs as provided in Chapter 22, Acts of the 57th Legislature, 3rd Called Session, 1962, as amended (Article 6228a-5, Vernon’s Texas Civil Statutes).

“(K) establish rules, regulations, and procedures for preparation and review of the annual reports of the institutions as further provided for under Section 6 of the Act.”

SECTION 3. This Act takes effect September 1, 1985.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on February 19, 1985, by a viva-voce vote; Senate concurred in House amendments on May 8, 1985, by the following vote: Yeas 30, Nays 0; passed the House, with amendments, on May 7, 1985, by a non-record vote.

Filed: May 24, 1985, without signature.

Effective: September 1, 1985