

**CHAPTER 663**

**S.B. No. 404**

**AN ACT**

relating to the right of certain municipal and county employees to purchase a continuation of health benefits coverage at retirement.

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

SECTION 1. Subtitle C, Title 5, Local Government Code, is amended by adding Chapter 174 to read as follows:

**CHAPTER 174. RIGHT OF CERTAIN MUNICIPAL AND COUNTY EMPLOYEES TO PURCHASE CONTINUED HEALTH COVERAGE AT RETIREMENT**

*Sec. 174.001. APPLICABILITY. This chapter applies to a person who:*

- (1) retires from county employment in a county with a population of 75,000 or more or municipal employment in a municipality with a population of 25,000 or more; and*
- (2) is entitled to receive retirement benefits from a county or municipal retirement plan.*

*Sec. 174.002. RIGHT TO PURCHASE CONTINUED COVERAGE. (a) A person to whom this chapter applies is entitled to purchase continued health benefits coverage for the person and the person's dependents as provided by this chapter unless the person is eligible for group health benefits coverage through another employer. The coverage shall be provided under the group health insurance plan or group health coverage plan provided by or through the employing county or municipality to its employees.*

*(b) To receive continued coverage under this chapter, the person must inform the employing county or municipality, not later than the day on which the person retires from the county or municipality, that the person elects to continue coverage.*

*(c) If the person elects to continue coverage for the person and on any subsequent date elects to discontinue such coverage, the person is no longer eligible for coverage under this chapter.*

(d) If the person elects to continue coverage for any dependent and on any subsequent date elects to discontinue such coverage, the dependent is no longer eligible for coverage under this chapter.

Sec. 174.003. **LEVEL OF COVERAGE.** (a) The person may elect to cover the same persons who were covered under the county's or municipality's group health insurance plan or group health coverage plan through the person at the time the person left county or municipal employment, or the person may elect to discontinue coverage for one or more persons. A person who was not covered under the plan at the time the person to whom this chapter applies left county or municipal employment is not eligible for coverage under this chapter.

(b) Except as provided by Subsections (c) and (d), the level of coverage provided under this chapter at any given time is the same level of coverage provided to current employees of the county or municipality at that time.

(c) A county or municipality may substitute Medicare supplement health benefits coverage as the coverage provided for a person who receives health benefits coverage under this chapter, including a dependent, after the date that the person becomes eligible for federal Medicare benefits.

(d) The person may elect to continue coverage at a reduced level, if offered by the county or municipality.

Sec. 174.004. **PAYMENT FOR COVERAGE.** A person who is entitled to continued coverage under this chapter is entitled to make payments for the coverage at the same time and to the same entity that payments for the coverage are made by current employees of the county or municipality.

Sec. 174.005. **DUTY TO INFORM RETIREE OF RIGHTS.** A county and a municipality shall provide written notice to a person to whom this chapter may apply of the person's rights under this chapter not later than the date the person retires from the county or municipality. A county or municipality may fulfill its requirements under this section by placing the written notice required by this section in a personnel manual or employee handbook that is available to all employees.

Sec. 174.006. **CERTAIN MATTERS NOT AFFECTED.** This chapter does not:

(1) prohibit a county or municipality from uniformly changing the group health insurance plan or group health coverage plan provided for its employees and retirees;

(2) affect the definition of a dependent or the eligibility requirements for a dependent under a plan;

(3) prohibit a county or municipality from agreeing with a person to deduct the cost of coverage provided under this chapter from a pension check;

(4) prohibit a county or municipality from agreeing with a person to pay for the coverage provided under this chapter provided the person reimburses the county or municipality for the actual cost of the coverage;

(5) prohibit a county, municipality, or a pool established under Chapter 172 from increasing the cost of group health coverage to its employees and to persons covered under this chapter to reflect the increased cost, if any, attributable to compliance with this chapter;

(6) affect the right of a county or municipality to provide coverage under Chapter 172;

or

(7) affect the right of a county, municipality, or a pool established under Chapter 172 to offer the coverage at the same rate that is available to active employees or to offer the coverage at a reasonable or actual rate established for retirees that may be greater than the rate offered to active employees.

Sec. 174.007. **EXEMPTIONS.** (a) A county or municipality that does not provide health benefits coverage through a self-insured plan or a plan authorized under Chapter 172 is not required to provide coverage under this chapter if the county or municipality makes a good faith effort to purchase insurance coverage that includes coverage required by this chapter

*from an insurance company authorized to do business in this state and from pools established under Chapter 172 but is unable to find a provider for the coverage.*

*(b) A county or municipality that is providing coverage substantially similar to or better than the coverage required by this chapter is exempt from this chapter.*

SECTION 2. (a) Chapter 174, Local Government Code, as added by this Act, applies according to its terms to all eligible persons who leave county or municipal employment on or after January 1, 1994.

(b) A county or municipality that is required by Chapter 174, Local Government Code, as added by this Act, to provide continued health benefits coverage but that is not allowed to provide the coverage under the terms of the county's or municipality's existing group health plan shall ensure that the required continued health benefits coverage is provided for in any new plan that is adopted by the county or municipality on or after January 1, 1994, unless the county or municipality is exempted under Section 174.007, Local Government Code, as added by this Act.

SECTION 3. The Texas Municipal Retirement System established by Subtitle G, Government Code, the Texas Municipal League, and municipal employee associations may conduct a study of the feasibility of creating a statewide municipal retiree health benefits risk pool and submit their findings to the Legislature not later than September 30, 1994.

SECTION 4. This Act takes effect September 1, 1993.

SECTION 5. 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 March 30, 1993, by a viva-voce vote; the Senate concurred in House amendment on May 28, 1993, by a viva-voce vote; passed the House, with amendment, on May 25, 1993, by a non-record vote.

Approved June 15, 1993.

Effective Sept. 1, 1993.