



Notice of Meeting of the City of La Porte
Chapter 172 Employee Retiree Insurance and Benefits Board

Notice is hereby given of a meeting of the Chapter 172 Employee Retiree Insurance and Benefits Board to be held on February 13, 2018 at 3:00 PM in the Council Chambers of City Hall, 604 W. Fairmont Pkwy., La Porte, Texas, regarding the items according to the agenda below:

1. **Call to Order**
2. **Member Roll Call**
3. **Consider approval of minutes from the September 18, 2017 meeting**
4. **Update on plan issues**
5. **Discussion of the role of a Chapter 172 Employee Retiree Insurance and Benefits Board**
6. **Administrative Reports**
7. **Board Comments**

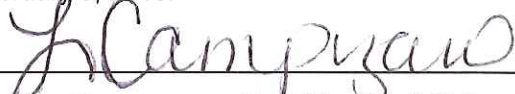
Board member comments regarding matters appearing on agenda; inquiry of staff regarding specific factual information or existing policies.

8. Adjournment

In compliance with the Americans with Disabilities Act, the City of La Porte City will provide for reasonable accommodations for persons attending public meetings. To better serve attendees, requests should be received 24 hours prior to the meeting. Please contact Patrice Fogarty, City Secretary, at 281.470.5019.

CERTIFICATION

I certify that a copy of the February 13, 2018, agenda of items to be considered by the Chapter 172 Employee Retiree Insurance and Benefits Board was posted on the City Hall bulletin board on February 9, 2018.



Lindsey Campuzano, Benefits Specialist

I certify that the attached notice and agenda of items to be considered by the Chapter 172 Employee Retiree Insurance and Benefits Board was removed by me from the City Hall bulletin board on the ____ day of _____, 2018.

_____ Title: _____

LOCAL GOVERNMENT CODE

TITLE 5. MATTERS AFFECTING PUBLIC OFFICERS AND EMPLOYEES

SUBTITLE C. MATTERS AFFECTING PUBLIC OFFICERS AND EMPLOYEES OF MORE THAN ONE TYPE OF LOCAL GOVERNMENT

CHAPTER 172. TEXAS POLITICAL SUBDIVISIONS UNIFORM GROUP BENEFITS PROGRAM

Sec. 172.001. SHORT TITLE. This chapter may be cited as the Texas Political Subdivision Employees Uniform Group Benefits Act.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989.

Sec. 172.002. PURPOSE. The purpose of this chapter is to:

- (1) provide uniformity in benefits including accident, health, dental, and long-term disability coverage to employees of political subdivisions;
- (2) enable the political subdivisions to attract and retain competent and able employees by providing them with accident and health benefits coverages at least equal to those commonly provided in private industry;
- (3) foster, promote, and encourage employment by and service to political subdivisions as a career profession for persons of high standards of competence and ability;
- (4) recognize and protect the political subdivisions' investment in each permanent employee by promoting and preserving economic security and good health among those employees;
- (5) foster and develop high standards of employer-employee relationships between each political subdivision and its employees;
- (6) recognize the service to political subdivisions by elected officials and employees of affiliated service contractors by extending to them the same accident and health benefits coverages as are provided for political subdivision employees; and
- (7) recognize the long and faithful service and dedication of employees of political subdivisions and to encourage them to remain in service of their respective political subdivisions until eligible for retirement by providing health benefits to those employees.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 491, Sec. 1, eff. Sept. 1, 2001.

Sec. 172.003. DEFINITIONS. In this chapter:

- (1) "Affiliated service contractor" means an organization qualified for exemption under Section 501(c), Internal Revenue Code (26 U.S.C. Section 501(c)), as amended, that provides governmental or quasi-governmental services on behalf of a political subdivision and derives more than 25 percent of its gross revenues from grants or funding from the political subdivision.
- (2) "Employee" means a person who works at least 20 hours a week for a political subdivision.
- (3) "Political subdivision" means a county, municipality, special district, school district, junior college district, housing authority, or other political subdivision of this state or any other state.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 491, Sec. 2, eff. Sept. 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 1094 (H.B. 2120), Sec. 28, eff. September 1, 2005.

Acts 2009, 81st Leg., R.S., Ch. 1363 (S.B. 654), Sec. 5, eff. June 19, 2009.

Sec. 172.004. BENEFITS CONTRACT. (a) A political subdivision or a group of political subdivisions pursuant to The Interlocal Cooperation Act (Chapter 791, Government Code) directly or through a risk pool may provide health and accident coverage for political subdivision officials, employees, and retirees or any class of officials, employees, or retirees, and employees of affiliated service contractors.

(b) The types of coverage that may be provided include group health and accident, group dental, accidental death and dismemberment, and hospital, surgical, and medical expense.

(c) A political subdivision also may include under the coverage dependents of the officers, employees, and retirees and of employees of affiliated service contractors.

(d) A pool's board of trustees may provide coverage for the trustees and the pool's staff, including persons with whom the pool has contracted to perform staff functions, on approval of the members of the pool.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 491, Sec. 3, eff. Sept. 1, 2001.

Sec. 172.005. RISK POOL. (a) A political subdivision may establish a risk pool or may enter into an interlocal agreement under The Interlocal Cooperation Act (Chapter 791, Government Code) with other political subdivisions to establish a risk pool to provide health and accident coverage for officials, employees, retirees, employees of affiliated service contractors, and their dependents.

(b) Contributions paid by a political subdivision's officials, employees, and retirees and employees of affiliated service contractors for coverage shall be deposited to the credit of the risk pool's fund and used as provided by rules of the risk pool.

(c) A pool by contract may purchase insurance coverage for persons who are covered by the pool from an insurance company authorized to do business in this state.

(d) A pool or its agents may not represent to persons who apply for coverage or who are covered by the pool that the coverage being provided is insurance unless the coverage is by contract purchased from an insurance company authorized to do business in this state.

(e) A risk pool organized under this section is a legal entity that may contract with an insurer licensed to do business in Texas to assume any excess of loss of a benefit contract authorized under Section 172.004. Notwithstanding any provision of the Insurance Code or any other law governing insurance in this state, an insurer authorized to do business in Texas may assume the excess of loss of the benefit contract under Section 172.004.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 611, Sec. 1, eff. Aug. 26, 1991; Acts 2001, 77th Leg., ch. 491, Sec. 4, eff. Sept. 1, 2001.

Sec. 172.006. SUPERVISION AND ADMINISTRATION OF POOL. (a) A political subdivision or a group of political subdivisions that create a risk pool shall select trustees to supervise the operation of the pool.

(b) A pool may be administered by a staff employed by the pool, an entity created by the political subdivision or group of political subdivisions participating in the pool, a staff or entity that administers another pool established under this chapter, or a third party administrator.

(c) Before entering into a contract with a person to be a third party administrator of the pool, the trustees shall require that person to submit information necessary for the trustees to evaluate the background, experience, and financial qualifications and solvency of that person. The information submitted by a prospective administrator other than an insurance company must disclose:

(1) any ownership interest that the prospective administrator has in an insurance company, group hospital service corporation, health maintenance organization, or other provider of health care indemnity; and

(2) any commission or other benefit that the prospective administrator will receive for purchasing services or coverage for the pool.

(d) An attorney employed by a third party administrator, provider of excess loss coverage, or reinsurer may not be simultaneously employed by the pool unless, before the attorney is employed by the pool, the third party administrator, provider of excess loss coverage, reinsurer, or attorney

discloses to the pool's board of trustees that the attorney is employed by the administrator, provider, or reinsurer.

(e) If the state enacts a law providing for the licensing or registration of third party administrators, a risk pool in contracting for administrative services may only contract for services of a third party administrator licensed or registered under that law. This subsection does not apply to a nonprofit corporation that is acting solely on behalf of the risk pool or other pools or administrative agencies established under The Interlocal Cooperation Act (Article 4413(32c), Vernon's Texas Civil Statutes).

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1999, 76th Leg., ch. 988, Sec. 1, eff. Sept. 1, 1999.

Sec. 172.007. TRUSTEE TRAINING. (a) Trustees who act as fiduciaries for a risk pool must have at least 16 hours of combined professional instruction with four hours of instruction in each of the following areas:

- (1) law governing the establishment and operation of risk pools by political subdivisions;
- (2) principles of self-insurance and risk pools, including actuarial and underwriting principles and investment principles;
- (3) principles relating to reading and understanding financial statements; and
- (4) the general fiduciary duties of trustees.

(b) Not later than the 180th day after the date of selection as trustee, or after the effective date of this chapter, whichever is the later date, a trustee must complete the training required by Subsection (a).

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989.

Sec. 172.008. EXCESS LOSS COVERAGE AND REINSURANCE. (a) A risk pool may purchase excess loss coverage or reinsurance to insure a pool against financial losses that the pool determines might place the solvency of the pool in financial jeopardy.

(b) If a risk pool does not purchase excess loss coverage or reinsurance, the administrator shall give written notice to each person who applies for coverage from the pool that the pool does not maintain excess loss coverage or reinsurance. The administrator shall provide the notice before coverage is issued to an applicant and shall give the applicant the opportunity to decline the coverage.

(c) If a risk pool cancels or does not renew excess loss coverage or reinsurance, the administrator shall give notice to each person covered by the pool that the coverage has been canceled or has not been renewed and shall give each an opportunity to cancel his coverage. The administrator must give the notice and opportunity to cancel coverage not later than the 30th day after the date on which the pool cancels or does not renew the excess loss coverage or reinsurance.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989.

Sec. 172.009. INVESTMENTS. (a) The trustees of a risk pool shall invest the pool's money in accordance with Subchapter A, Chapter 2256, Government Code to the extent that law can be made applicable.

(b) In addition to investments authorized under Subchapter A, Chapter 2256, Government Code, the trustees of a pool may invest the pool's money in any investment authorized by the Texas Trust Code (Subtitle B, Title 9, Property Code).

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(11), eff. Sept. 1, 1995.

Sec. 172.010. AUDITS. (a) The trustees of the pool shall have the fiscal accounts and records of the risk pool audited annually by an independent auditor.

(b) The person who performs the audit must be a certified public accountant or public accountant licensed by the Texas State Board of Public Accountancy.

(c) The independent audit shall cover a pool's fiscal year.

(d) The trustees of the pool shall file annually with the State Board of Insurance a copy of the audit report. The State Board of Insurance shall maintain the copies of the audit reports at a convenient location and shall make the copies of the audit reports available for public inspection during regular business hours. A person may request the State Board of Insurance to provide copies of any item included in an audit report on payment of the cost of providing the copies. The State Board of Insurance may adopt rules governing the time and manner for filing audit reports under this subsection and the procedures for filing, inspecting, and obtaining copies of audit reports.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 599, Sec. 15, eff. Sept. 1, 1991.

Sec. 172.011. INSOLVENCY. (a) The trustees of a risk pool shall declare the pool insolvent if the trustees determine that the pool is unable to pay valid claims within 60 days after the date the claims are verified.

(b) If a pool is declared insolvent by the trustees, the pool shall cease operation on the day of the declaration, and the trustees shall provide for the disposition of the pool's assets, debts, obligations, losses, and other liabilities.

(c) A person who has coverage under a risk pool may institute proceedings to have the pool declared insolvent by petitioning a district court in Travis County to declare the pool insolvent. If the district court, after notice and hearing, determines that the pool is insolvent, the court shall appoint a receiver to take charge of and dispose of the pool's assets, debts, obligations, losses, and other liabilities. Except as provided by this chapter, a receivership under this section is governed by Chapter 64, Civil Practice and Remedies Code, to the extent that chapter can be made applicable.

(d) After a receiver takes charge of the assets and determines outstanding debts, obligations, losses, and other liabilities, the receiver shall give notice of his determination to any person, including a political subdivision that is a participant in the pool.

(e) If the receiver determines that money is owed to the pool by a political subdivision that is a participant in the pool, the political subdivision may protest the determination by filing with the court a protest statement not later than the 15th day after the date the notice of the receiver's determination is mailed.

(f) If a court in which a protest statement is filed determines after a hearing that an amount is owed by the political subdivision filing the protest statement, the political subdivision shall pay that amount to the receiver not later than the 30th day after the date on which the court's determination becomes final. A determination by a court on a protest statement is interlocutory.

(g) If a protest statement is not filed with the court, the political subdivision shall pay to the receiver the amount determined to be owed not later than the 30th day after the date on which the receiver mails the notice under Subsection (d).

(h) The court that appoints a receiver may direct that a reasonable fee be paid to the receiver as compensation for performance of responsibilities and duties and may assess each political subdivision that is a participant in the pool under the receiver's control an amount necessary to compensate the receiver.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989.

Sec. 172.012. LIMITATION OF RISK POOLS. (a) Except as provided by Subsection (b), a county may not provide health and accident coverage through a risk pool under this chapter, except:

(1) as authorized by Subchapter A, Chapter 157; or

(2) through an interlocal contract entered under The Interlocal Cooperation Act (Article 4413(32c), Vernon's Texas Civil Statutes) with other political subdivisions of this state if the aggregate annual contributions to the pool will exceed \$1 million based on an actuarial estimate by an actuary who is a member of the American Academy of Actuaries.

(b) A county with a population of fewer than 500,000 may create and provide coverage through a pool if the aggregate annual claims, contributions, or both claims and contributions to the pool will exceed \$300,000 based on an actuarial estimate by an actuary who is a member of the American Academy of Actuaries.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 649, Sec. 1, eff. Aug. 26, 1991.

Sec. 172.013. PAYMENT OF CONTRIBUTIONS AND PREMIUMS. (a) A political subdivision may pay all or part of the contributions for coverage under this chapter from local funds, including federal grant or contract pass-through funds, that are not dedicated by law to some other purpose.

(b) A political subdivision also may pay all or part of the contributions for coverage for officers, employees, retirees, and dependents, but may not pay any part of the contributions for coverage for employees of affiliated service contractors or their dependents.

(c) On written approval of an officer or employee, a political subdivision may deduct from the officer's or employee's compensation an amount necessary to pay that person's and his dependents' contributions. A retiree may authorize in writing the person who pays his retirement benefits to deduct from those benefits an amount sufficient to pay the retiree's and his dependents' contributions.

(d) State funds, except federal grant or contract funds passed through the state to its political subdivisions, may not be used to purchase coverage or to pay contributions under this chapter.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 491, Sec. 5, eff. Sept. 1, 2001.

Sec. 172.014. APPLICATION OF CERTAIN LAWS. A risk pool created under this chapter is not insurance or an insurer under the Insurance Code and other laws of this state, and the State Board of Insurance does not have jurisdiction over a pool created under this chapter.

Added by Acts 1989, 71st Leg., ch. 1067, Sec. 1, eff. Sept. 1, 1989.

Sec. 172.016. STATUS OF AFFILIATED SERVICE CONTRACTORS. Inclusion of the employees of affiliated service contractors in the uniform group benefits program authorized by this chapter does not, for any purpose:

- (1) make an affiliated service contractor a political subdivision or a division of a political subdivision; or
- (2) make an employee of an affiliated service contractor an employee of a political subdivision or a division of a political subdivision.

Added by Acts 2001, 77th Leg., ch. 491, Sec. 6, eff. Sept. 1, 2001.



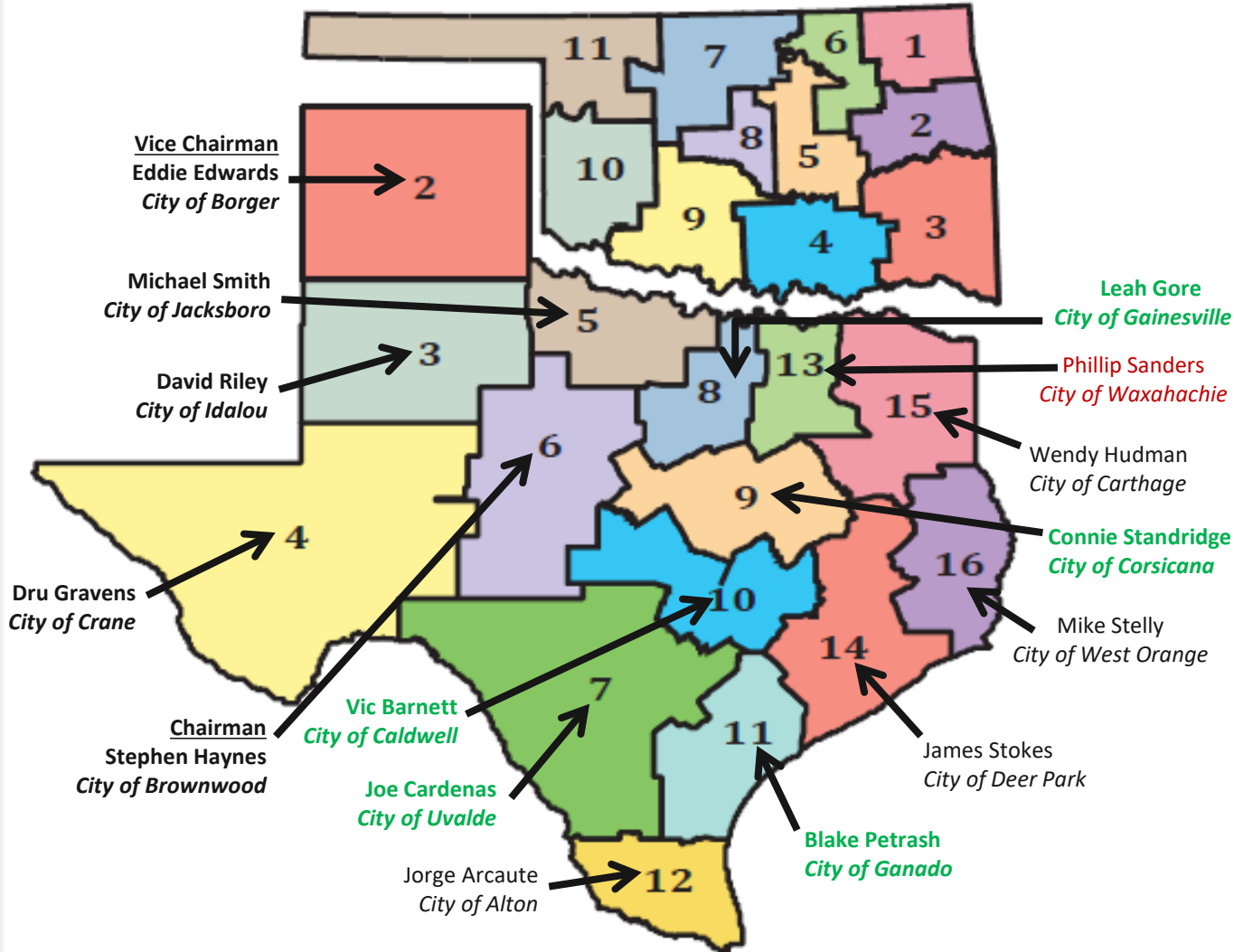
Chapter 172 of the Local Government Code

Champion the Integrity of the Healthcare Dollar by Optimized Efficient Performance Based Outcome | Dedicated to Service | Engage in the Process | Embrace in Proactive Opportunities for Improvement | Execute with Excellence | Political Subdivision Value Based Synergy Managing the Multi-Faceted Solutions to Healthcare Costs and Performance Based Outcome | 24/7/365

Board of Trustees: 2016-2017 Plan Year

Mission Statement

To provide excellent service offering competitive health benefits and administrative services to eligible municipalities and other governmental entities in Texas and other states by utilizing innovative, viable, affordable alternatives while maintaining financial integrity.



Trustees at Large Appointed by Chair

Bill Storey

Dr. Lew White

Mike Slye

Glen Metcalf

Richard Browning

Larry Fields

Ex-officio Trustees

Bennett Sandlin

Terry Henley

Andres Garza

Trustee Support

- ▶ **Direct** the organization in the best interests of the members
- ▶ **Protect** the interests of the organization's membership
- ▶ **Respect** the membership by listening, communicating and understanding their interest
- ▶ **Reflect** on the organization's performance
- ▶ **Select** talented people to lead the organization
- ▶ **Inspect** the performance of the organization

Public Employee Benefits Alliance

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Manage the Chronic Disease States with some of the **highlighted** PEBA Effective Employee Benefit Solutions



- Pre Sixty-five Pool
- Active Pool



- Network Access
- Post Sixty-five Benefits



Total Cost Containment Solutions

- Procurement Negotiation
- AWP comparison over date range to actual cost
- Contract Details
- Therapeutic Alternative
- Utilization Summary



- UMR/UnitedHealthcare Network Access
- HITECH Sophistication



- Medical Consult
- Behavioral Health
- Dermatology Services



- Optum Complex: Centers of Excellence
- OptumInsight: Data Analytics and Pricing Transparency
- Optum Collaborative Care: Claim Integrity Audit



- Long Term Care



- Reinsurance Expertise
- Regulatory Benefits Compliance
- Prescription Pricing Review



- Wells Fargo Prescription Pricing Review



Highlights of Requirements for Risk Pool under Chapter 172

- ▶ Enacted in 1989 in response to bankruptcy of Educators Group Health Trust in 1988-Municipalities previously had no self-funding statutory authority. Under the Texas Insurance Code, contracting to reimburse employees for medical expenses would otherwise be “insurance”

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ A Political Subdivision or a group of Political Subdivisions (pursuant to The Interlocal Cooperation Act (Chapter 791, Texas Government Code)) directly or through a risk pool may provide self-funded benefits for:
 - Group health and accident coverage
 - Group dental coverage
 - Accidental death and dismemberment coverage
 - Hospital, surgical, and medical expense coverage
 - Long-term disability coverage

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ A Political Subdivision may include under the coverage:
 - Officers
 - Employees
 - Retirees
 - Employees of an Affiliated Service Contractor
 - A Chapter 172 pool's board of trustees
 - A Chapter 172 pool's staff
- ▶ A Political Subdivision also may include under the coverage dependents of :
 - Officers
 - Employees
 - Retirees
 - Employees of an Affiliated Service Contractor

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ Political subdivisions include counties, municipalities, special districts, school districts, junior college districts, housing authorities, appraisal districts, and any other political subdivision of Texas or of any other state
- ▶ An employee is a person who works at least 20 hours per week for a Political Subdivision
- ▶ An Affiliated Service Contractor is an entity that meets ALL of the following requirements:
 - It is tax-exempt under Section 501(c) of the Internal Revenue Code; and
 - It provides governmental services; and
 - At least 25% of its gross revenues are from grants or funding from a political subdivision

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ Pool may be for single entity or pooled multiple units through Interlocal Agreement
- ▶ Coverage may not be represented as insurance unless purchased under contract from a licensed insurer
- ▶ Under 2009 Texas legislation, pool may include a political subdivision of another state
- ▶ Contributions to the Pool must be maintained in a separate fund

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ Must make thorough investigation of background, experience, and financial qualifications of any Third Party Administrator or other entity employed to administer benefits
- ▶ Must be operated by a Board of Trustees, and it is highly recommended that a proper trust document be adopted
- ▶ Attorney may not represent both Pool and Administrator without disclosure to Trustees

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ Trustees must have 16 hours of training in specified areas dealing with establishment and operation of the Pool, within 180 days of appointment. The areas are as follows:
- ▶ law governing the establishment and operation of risk pools by political subdivisions;
- ▶ principles of self-insurance and risk pools, including actuarial and underwriting principles and investment principles;
- ▶ principles relating to reading and understanding financial statements; and
- ▶ the general fiduciary duties of Trustees

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ Must either carry excess loss coverage or reinsurance, or notify each covered person that there is no coverage, or that it has been cancelled or non-renewed. No stop-loss retention is specified
- ▶ Must invest according to the Public Funds Investment Act or the Texas Trust Code
- ▶ Must have annual financial audit by CPA and file audit with Texas Department of Insurance (TDI)

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ Trustees must declare insolvency and cease operation if Pool is unable to pay claims within 60 days of verification
- ▶ Pool coverage is not insurance and Pool is not subject to TDI regulation (entities operating outside of Chapter 172 may not enjoy this exemption)

Highlights of Requirements for Risk Pool under Chapter 172

- ▶ Pool is subrogated to the employee's right of recovery for personal injury caused by tortious conduct of third parties. Former rule was that injured party must first be made whole under Texas Association of School Boards v. Ward. Now subrogation is governed by Chapter 140 of the Texas Civil Practices and Remedies Code

Impact of Other Statutes on Chapter 172 Risk Pools

- ▶ Not subject to the provisions of the Employee Retirement Income Security Act (“ERISA”) regarding welfare benefit plans under 29 USC 1003(b)

Impact of Other Statutes on Chapter 172 Risk Pools

- ▶ May be subject to various previously enacted provisions of the Health Insurance Portability & Accountability Act (“HIPAA”) if there has been no “opt-out” exercised, These could include special enrollment periods for individuals (and dependents) losing other coverage, standards relating to benefits for mothers and newborns, parity in the application of certain limits to mental health benefits, treatment of the non-affected breast following a mastectomy, and continued coverage for dependent students (“Michelle’s law”). U. S Department of Health and Human Services must be notified of opt-out on an annual basis

Impact of Other Statutes on Chapter 172 Risk Pools

- ▶ Subject to other federal laws such as:
 - Continuation of coverage (“COBRA”) including stimulus subsidy under the American Recovery and Reinvestment Act
 - Pregnancy Discrimination Act
 - Age Discrimination in Employment Act (“ADEA”)
 - Older Workers Benefit Protection Act (“OWBPA”)
 - Uniformed Service Employment and Reemployment Act (“USERRA”)
 - Requirements and pronouncements of the Equal Employment Opportunity Commission (“EEOC”)
 - Genetic Information Nondiscrimination Act (“GINA”)

Impact of Other Statutes on Chapter 172 Risk Pools

- ▶ Subject to Texas Open Meetings and Open Records laws (See Open Records Decision #681 concerning HIPAA)
- ▶ Confidentiality provisions in vendor contracts should have acknowledgement of applicability
- ▶ Subject to any provisions of the Texas Insurance Code which apply to Chapter 172 pools or otherwise indicate that the statute includes the factual situation of the Pool

Impact of Other Statutes on Chapter 172 Risk Pools

- ▶ Under Chapter 175 of the Texas Local Government Code:
 - A county with a population of 75,000 or more
 - An appraisal district in a county with a population of 75,000 or more; or
 - A municipality with a population of 25,000 or more
- ▶ Must allow retirees and their eligible dependents access to the active employee health plan at the same level of coverage as for active employees, unless the retiree or dependent is eligible for group health benefits coverage through another employer
- ▶ Offer the retiree coverage at the same rate that is available to active employees or offer the coverage at a reasonable or actual rate established for retirees that may be greater than the rate offered to active employees
- ▶ May substitute Medicare supplement for retiree coverage for retiree and dependents who are eligible for Medicare
- ▶ Must provide written notice to the retiree of these rights

Texas Insurance Code Provisions

which are arguably applicable to self-funded or pooled political subdivisions
(end references are to article numbers)

- ▶ Applicable “Notwithstanding” Chapter 172, Local Government Code exemption (Insurance Code references)
- ▶ Colorectal cancer (1-1-02) 1363.003
- ▶ Childhood immunizations (1-1-98) 1367.053
- ▶ Hearing screening test (1-1-00) 1367.103
- ▶ Diabetes Care (1-1-99) 1358.005
- ▶ Access to Certain Obstetrical/Gynecological Care (1-1-98) 1451.255
- ▶ Prostate cancer (1-1-98) 1362.003

Texas Insurance Code Provisions

which are arguably applicable to self-funded or pooled political subdivisions
(end references are to article numbers)

- Applicable to “Self-Funded” or “Self-Insured”
(applicable under A.G. Opinion GA-0047-TML IEBP
has elected to comply with these provisions)
- In-Vitro fertilization (1-1-88) 1366.003
- Chemical Dependency (1-1-90) 1368.004
- AIDS (1-1-90) 1364.101 and
- Serious Mental Illness (1-1-92) 1355.151
- Dependent Grandchildren (1-1-02) 1201.062

Texas Insurance Code Provisions

which are arguably applicable to self-funded or pooled political subdivisions
(end references are to article numbers)

- ▶ Applicable to “any other entity not licensed under this code or another insurance law of this state that contracts directly for health care services on a risk-sharing basis”
- ▶ Certain Bone and Joint Procedures (1-1-90) 1360.003
- ▶ Minimum Inpatient Stay in Health Care Facility and Post Delivery Care Following Birth of Child (1-1-98) 1366.055

Texas Insurance Code Provisions

which are arguably applicable to self-funded or pooled political subdivisions
(end references are to article numbers)

- ▶ Craniofacial Abnormalities (1-1-00) 1367.153
- ▶ Genetic Testing (1-1-98) 546.051
- ▶ Certification of coverage (7-1-97) 1205.002
- ▶ Group Coverage of Certain Students (1-1-98, amended 01/01/02) 1503.003
- ▶ Notification of Reimbursement Factors by Managed Care Entity (9-1-01) 1453.002

Texas Insurance Code Provisions

which are NOT applicable to self-funded or pooled political subdivisions (end references are to article numbers)

- ▶ Autism Spectrum Disorder (1-1-08) 1355.001
- ▶ Acquired Brain Injury (4-1-05) 1352.003
- ▶ Contraceptive Drugs (4-1-05) 1369.04
- ▶ Extension of Benefits for Disability (4-1-05) 1252.102
- ▶ Nutritional Formulas (4-1-05) 1359.003
- ▶ Prompt Payment of Claims (9-1-05) Chapter 1301
- ▶ Speech and Hearing Benefits: (4-1-05) 1365.003

Texas Insurance Code Provisions

which are NOT applicable to self-funded or pooled political subdivisions (end references are to article numbers)

- ▶ Home Health Services (4-1-05) 1351.005
- ▶ Alternative Mental Health Treatment (4-1-05) 1355.053
- ▶ Psychiatric Day Treatment Facilities (4-1-05) 1355.104
- ▶ Reconstructive Surgery following Mastectomy (4-1-05) 1357.004
- ▶ Hospital Stay following Mastectomy (4-1-05) 1357.054
- ▶ Prescription Drugs for chronic, disabling, or life-threatening illnesses (4-1-05) 1369.04

Texas Insurance Code Provisions

which are NOT applicable to self-funded or pooled political subdivisions (end references are to article numbers)

- ▶ Detection of Human Papillomavirus and Cervical Cancer (9-1-05) 1370.003
- ▶ Dietitian Services (4-1-05) 1451.002
- ▶ Coverage for certain prosthetic devices, orthotic devices, and related services (9-1-09) Chapter 1371
- ▶ Coverage for certain tests for the early detection of cardiovascular disease (9-1-09) Chapter 1376
- ▶ Adoption of certain information technology (5-30-09) Chapter 1661

Texas Insurance Code Provisions

which are NOT applicable to self-funded or pooled political subdivisions (end references are to article numbers)

- ▶ Coverage for certain amino acid-based elemental formulas (1-1-10) Chapter 1377
- ▶ Requirements for contracts between physicians, hospitals, and health benefit plans(6-3-09) Chapter 1467
- ▶ Coverage for routine patient care costs for enrollees participating in certain clinical trials (1-1-10) Chapter 1379

Fiduciary Responsibilities of Trustees

- ▶ A fiduciary relationship exists when parties are under a duty to act for or give advice for the benefit of another upon matters within the scope of the relationship. It exists where a special confidence is placed in another who in equity and good conscience is bound to act in good faith and with due regard to the interests of the one placing confidence. Breach of fiduciary duty is an actionable tort. A Trustee can exercise his or her fiduciary duty in such a negligent manner that lack of diligence will result in a breach of fiduciary duty

Fiduciary Responsibilities of Trustees

- ▶ A trustee's fiduciary responsibilities include:
 - The Duty of Care: Competence in the performance of trustee functions. A trustee is required to use the care that an ordinarily prudent person would exercise in a like position and under similar circumstances
 - The Duty of Loyalty: Faithful pursuit of the interests of the beneficiaries rather than the financial or other interests of the trustee or another. Trustees must avoid conflicts of interest
 - The Duty of Obedience: Adherence to the organization's mission as expressed in its bylaws and other governing documents

Fiduciary Responsibilities of Trustees

- ▶ A trustee also is charged with the duty of preserving the property of the trust. This requires strict adherence to the terms of the trust and diligence in preventing impairment of trust property. A trustee is under a duty to the beneficiaries to distribute risk of loss by reasonable diversification of investments, unless under the circumstances it is prudent not to do so



Have a Great Day!

Your Time is Appreciated