

TITLE 34. PUBLIC FINANCE  
PART 3. TEACHER RETIREMENT SYSTEM OF TEXAS  
CHAPTER 41. HEALTH CARE AND INSURANCE PROGRAMS  
SUBCHAPTER A. RETIREE HEALTH CARE BENEFITS (TRS-CARE)

34 TAC § 41.17

The Board of Trustees of the Teacher Retirement System of Texas (TRS) proposes to amend §41.17 (relating to Limited-time Enrollment Opportunity for Medicare-eligible Retirees) under Subchapter A (relating to Retiree Health Care Benefits (TRS-CARE)) of Chapter 41 in Part 3 of Title 34 of the Texas Administrative Code.

BACKGROUND AND PURPOSE

In 2024, the trust fund of the Texas Public School Retired Employees Group Benefits Program (“TRS-Care”), administered under Chapter 1575 of the Insurance Code, experienced growth stemming from federal changes to Medicare, TRS' improved contracts with Medicare Advantage and Part D drug benefits, and other factors. TRS received correspondence from legislative leadership directing TRS to use the growth in the TRS-Care fund to reduce premiums and allow for a one-time enrollment opportunity for eligible TRS-Care Medicare Advantage (TRS-Care MA) participants. Considering the legislators’ request, TRS reduced the premiums of the TRS-Care MA plan for the 2025 plan year and enacted Rule 41.17.

Rule 41.17 offered a limited-time enrollment opportunity for Medicare-eligible retirees and their eligible dependents, surviving spouses, and surviving dependent children. The rule provided these individuals with an opportunity to take advantage of the reduced premiums under the TRS-Care MA plan. Rule 41.17 addressed the duration of the limited-time enrollment opportunity, eligibility and effective dates of coverage. This limited-time enrollment opportunity began on Oct. 1, 2024, and ended on March 31, 2026.

The TRS-Care trust fund continues to experience significant positive growth, which allows TRS to maintain the lower TRS-Care MA plan premiums. Therefore, TRS proposes offering another limited-time enrollment opportunity for the 2027 TRS-Care MA plan year by proposing to amend Rule 41.17 to offer a limited-time enrollment opportunity that will begin on Oct. 1, 2026, and end on March 31, 2028. The proposed amendments will change the original dates written in the rule to the new enrollment opportunity dates. The proposed amendment also makes a nonsubstantive change to correct a typographical spacing error in the existing rule language. These will be the only changes made.

FISCAL NOTE

Don Green, TRS Chief Financial Officer, has determined that for each year of the first five years the proposed amended rule will be in effect, there will be no foreseeable negative fiscal implications for state governments and no foreseeable fiscal implications for local governments

as a result of administering the proposed amended rule. While opening the enrollment for otherwise eligible retirees, dependents, surviving spouses, and surviving dependent children increases the risk to the TRS-Care trust fund, that risk increase is offset by the premiums that amended and existing enrollees will be paying for their coverage and other sources of income of the trust fund. Because health benefit plans are inherently risk-based businesses, this limited-time enrollment opportunity does not pose a risk to the trust fund that is atypical for its nature.

#### PUBLIC COST/BENEFIT

For each year of the first five years the proposed amended rule will be in effect, Mr. Green has also determined that the public benefit anticipated as a result of adopting the proposed amended rule will be to provide guidance with respect to how the limited-time enrollment opportunity will be implemented. Mr. Green has also determined that entities required to comply with the proposed amended rule will not incur any economic cost. Further, Mr. Green has determined the amendment will not impose a cost on regulated persons.

#### ECONOMIC IMPACT STATEMENT AND REGULATORY FLEXIBILITY ANALYSIS

TRS has determined that proposed amended §41.17 will not have any adverse economic effect on small businesses, micro-businesses, or rural communities. As a result, the requirements for an economic impact statement or a regulatory flexibility analysis under Government Code §2006.002 do not apply in this case.

#### LOCAL EMPLOYMENT IMPACT STATEMENT

TRS has determined that there will be no effect on local employment because of the proposed amended rule. Therefore, no local employment impact statement is required under Government Code §2001.022.

#### GOVERNMENT GROWTH IMPACT STATEMENT

TRS has determined that for the first five years the proposed amended rule is in effect, the proposed amended rule will not create or eliminate any TRS programs; will not require the creation or elimination of employee positions; will not require an increase or decrease in future legislative appropriations to TRS; will not eliminate any fees currently paid to TRS; will not expand, limit or repeal the existing rule; will not increase or decrease the number of individuals subject to the rule's applicability; and will not affect the state's economy.

This proposal amends an existing regulation. TRS, as trustee of the Texas Public School Retired Employees Group Benefits Act created under Chapter 1575 of the Insurance Code, proposes to amend Rule 41.17 to provide a limited-time enrollment opportunity for eligible retirees, dependents, surviving spouses, and surviving dependent children who did not enroll when they had the opportunity to do so.

#### TAKINGS IMPACT ASSESSMENT

TRS has determined that there are no private real property interests affected by the proposed amended rule; therefore, a takings impact assessment is not required under Government Code §2007.043.

#### COSTS TO REGULATED PERSONS

TRS has determined that Government Code §2001.0045 does not apply to the proposed amended rule because it does not impose a cost on regulated persons.

#### COMMENTS

TRS requests written comments regarding the proposed amended rule. The comments may include information related to the costs, benefits or effects of the proposed amended rule, including any applicable data, research or analysis, from any person required to comply with the proposed amended rule or any other interested person.

Comments and information regarding the cost, benefit and effect of the rule may be submitted in writing to Brian Guthrie, TRS Executive Director, PO Box 149676, Austin, Texas 78714-0185. Written comments and cost/benefit information must be received by TRS no later than 30 days after publication of this notice in the Texas Register.

#### STATUTORY AUTHORITY

The proposed amended rule is authorized under Chapter 1575, Insurance Code, which establishes the Texas Public School Retired Employees Group Benefits Act (TRS-CARE); §1575.052, which allows the trustee to adopt rules, plans, procedures, and orders reasonably necessary to implement Chapter 1575, including periods of enrollment and selection of coverage and procedures for enrolling and exercising options under the group program; Chapter 825 of the Government Code, which governs the administration of TRS; and Government Code §825.102, which authorizes the Board to adopt rules for the transaction of the business of the Board.

#### CROSS-REFERENCE TO STATUTE

The proposed amended rule is issued under the authority of Insurance Code §1575.052, related to Authority to Adopt Rules and Procedures; Other Authority, which authorizes the trustee to adopt rules, plans, procedures, and orders reasonably necessary to implement Chapter 1575, including periods of enrollment and selection of coverage and procedures for enrolling and exercising options under the group program.

§41.17. Limited-time Enrollment Opportunity for Medicare-eligible Retirees.

(a) Eligibility.

(1) Retiree. A retiree who is eligible to enroll in the Medicare Advantage plan offered under TRS-Care in accordance with Section 1575.1582(b), Insurance Code (hereinafter referred to as "MA plan") and who is not currently enrolled in the MA plan, may enroll in the MA plan if

the retiree applies for enrollment during the limited-time enrollment period. For the purpose of this section, the limited-time enrollment period is the period that begins on October 1, 2026[2024], and extends through March 31, 2028[2026].

(2) Surviving spouses or surviving dependent children. If a retiree has passed away, the retiree's surviving spouse or the retiree's surviving dependent child may enroll under this section, as long as:

(A) The surviving spouse or surviving dependent child qualifies as such under Section 1575.003, Insurance Code, and

(B) The surviving spouse or surviving dependent child is eligible for Medicare and is eligible to enroll in the MA plan offered under TRS-Care in accordance with Section 1575.1582(b), [~~Section 1575.1582(b)~~], Insurance Code.

(3) Dependents. If the retiree's or surviving spouse's application to enroll under this section is approved, the retiree or surviving spouse may also enroll any eligible dependents.

(4) Single enrollment opportunity. A retiree, surviving spouse, or surviving dependent child may only enroll one time during the limited-time enrollment period.

(b) Effective Date of Coverage.

(1) January 1, 2027[2025]. For those applications received and approved before January 1, 2027[2025], coverage shall be effective on January 1, 2027[2025].

(2) After January 1, 2027[2025]. For those applications received after January 1, 2027[2025], the effective date of coverage shall be the first day of the month after TRS receives and approves the request to enroll.

(3) Range. In no event shall the effective date be prior to January 1, 2027[2025], or after April 1, 2028[2026].

#### CERTIFICATION

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.