


<p>Office of Employee Benefits</p> <p>Administrative Manual</p> 	<p>UNIFORM INSURANCE BENEFITS ACT</p>	<p>111</p>
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	<p>REVISION DATE: JUNE 1, 2004</p>	
	<p>PURPOSE: Recodification of Texas Insurance Code, Article 3.50-3 and Section 1, 3.51-14</p>	
	<p>SCOPE: Group insurance benefits for eligible Employees and Retired Employees of The University of Texas System</p>	
<p>STATUTORY AND ADMINISTRATIVE REFERENCES: Texas Insurance Code, Chapter 1601; Acts 2001, 77th Texas Legislature; Acts 2003, 78th Texas Legislature</p>		

Chapter 1601.

Uniform Insurance Benefits Act for Employees of The University of Texas System and The Texas A&M University System

SUBCHAPTER A. GENERAL PROVISIONS

§ 1601.001. Short Title

This chapter may be cited as the State University Employees Uniform Insurance Benefits Act.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.002. Purposes

The purposes of this chapter are to:

- (1) provide uniformity in the basic group life, accident, and health benefit coverages for all system employees;
- (2) enable the systems to attract and retain competent and able employees by providing employees with basic life, accident, and health benefit coverages comparable to those commonly provided in private industry and to employees of a state agency other than a system, including a public college or university whose employees are covered under Chapter 1551;
- (3) foster, promote, and encourage employment by and service to the systems as a career profession for individuals of high standards of competence and ability;
- (4) recognize and protect the investment of the systems in each employee by promoting and preserving economic security and good health among employees;
- (5) foster and develop high standards of employer-employee relationships between the systems and their employees; and
- (6) recognize the long and faithful service and dedication of employees and encourage them to remain in service until eligible for retirement by providing health benefits and other group benefits for them.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.003. General Definitions

In this chapter:

- (1) "Administering carrier" means a carrier or organization that is:
 - (A) qualified to engage in business in this state; and
 - (B) designated by a system to administer services, benefits, insurance coverages, or requirements in accordance with this chapter.
- (2) "Basic coverage" means coverage, including health benefit coverage, that meets the basic coverage standards required under Section 1601.053(a)(1).
- (3) "Cafeteria plan" means a plan defined and authorized by Section 125, Internal Revenue Code of 1986.
- (4) "Group life, accident, or health benefit plan" means a group agreement, policy, contract, or arrangement provided by an administering carrier, including:
 - (A) a group insurance policy or contract;

- (B) a life, accident, medical, dental, or hospital service agreement;
 - (C) a membership or subscription contract; or
 - (D) any other similar group arrangement.
- (5) "Optional coverage" means group coverage other than the basic coverage.
- (6) "Service" means personal service to a system for which an employee is credited in accordance with rules adopted by the system.
- (7) "System" means The University of Texas System or The Texas A&M University System.
- (8) "The Texas A&M University System" means the entities governed under Chapters 85 through 88, Education Code, including the Texas Veterinary Diagnostic Laboratory.
- (9) "The University of Texas System" means the entities listed or described by Section 65.02, Education Code.
- (10) "Uniform program" means an employees uniform insurance benefits program provided under this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.004. Definition of Dependent

(a) In this chapter, "dependent," with respect to an individual eligible to participate in the uniform program under Section 1601.101 or 1601.102, means the individual's:

- (1) spouse;
- (2) unmarried child younger than 25 years of age; and
- (3) child of any age who lives with or has the child's care provided by the individual on a regular basis if the child is mentally retarded or physically incapacitated to the extent that the child is dependent on the individual for care or support, as determined by the system.

(b) In this section:

- (1) "Child" includes:
 - (A) an adopted child; and
 - (B) a stepchild, foster child, or other child who is in a parent-child relationship with an individual who is eligible to participate in the uniform program under Section 1601.101 or 1601.102.

(2) "Spouse" has the meaning assigned by the Family Code.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.005. Definition of Carrier

In this chapter, "carrier" means:

(1) an insurance company that is authorized by the department to provide under this code any of the types of insurance coverages, benefits, or services provided for in this chapter, and that:

(A) has an adequate surplus;

(B) has a successful operating history; and

(C) has had successful experience, as determined by the department, in providing and servicing any of the types of group coverage provided for in this chapter;

(2) a corporation operating under Chapter 842 that provides any of the types of coverage, benefits, or services provided for in this chapter and that:

(A) has a successful operating history; and

(B) has had successful experience, as determined by the department, in providing and servicing any of the types of group coverage provided for in this chapter; or

(3) any combination of carriers described by Subdivisions (1) and (2) on terms the system prescribes.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.006. Applicability of Definitions

The definition of a term defined by this subchapter and the use of the terms "employee" and "retired employee" as described by Sections 1601.101 and 1601.102 apply to this chapter unless a different meaning is plainly required by the context in which the term appears.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.007. System May Define Other Words

A system may define by rule a word or term necessary in the administration of this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.008. Exemption From Execution

All insurance benefits and other payments and transactions made under this chapter to a participant under this chapter are exempt from execution, attachment, garnishment, or any other process.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.009. Exemption from Taxation and Fees

Premiums on a policy, an insurance contract, or an agreement established under this chapter with a health maintenance organization are not subject to any state tax, regulatory fee, or surcharge, including a premium or maintenance tax or fee.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.010. Certain Combining of Carriers Not Restraint of Trade

Carriers combining to bid, underwrite, or both bid and underwrite, a group life, accident, or health benefit plan for the uniform program are not in violation of Chapter 15, Business & Commerce Code.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.011. Participation of The Texas A&M University System

Notwithstanding any other provision of this chapter, if The Texas A&M University System elects to participate in the group benefits program under Section 1551.006(c), that system, including the Texas Veterinary Medical Diagnostic Laboratory, does not participate in a uniform program established under this chapter, effective on the date participation in the group benefits program under Chapter 1551 begins.

Added by Acts 2003, 78th Leg., ch. 366, Sec. 4.01, eff. Sept. 1, 2003.

SUBCHAPTER B. ADMINISTRATION AND IMPLEMENTATION

§ 1601.051. Administration and Implementation

A system shall:

- (1) implement a uniform program for the benefit of its employees and retired employees; and
- (2) determine basic procedural and administrative practices for insurance coverage provided under this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.052. Rulemaking Authority

A system shall adopt rules consistent with this chapter as it considers necessary to implement this chapter and its purposes.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.053. General Duties Relating to Coverage

(a) A system shall:

(1) determine basic coverage standards that must be comparable to those commonly provided:

(A) in private industry; and

(B) to employees of another agency or an institution of higher education in this state under Chapter 1551; and

(2) establish procedures to allow each covered employee and retired employee to obtain prompt action regarding claims pertaining to coverages provided under this chapter.

(b) In designing a coverage plan, a system may consider existing local conditions.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.054. Competitive Bidding Required

A system shall submit the uniform program, including any agreement under which a carrier is engaged to administer a self-insured program, for competitive bidding at least every six years.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.055. Identification of Administrative Costs in Bids

A system shall include in its respective bid documents for the various coverages a provision calling for each bidder to identify the system's administrative costs as a distinguishable figure and to enumerate the services the bidder will render in exchange for the administrative costs.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.056. Information on Bidders and Bidding Contracts

(a) The department shall, on request by a system, provide a list of all carriers:

(1) authorized to engage in business in this state; and

(2) eligible to bid on insurance coverage provided under this chapter.

(b) The department shall, on request by a system, examine and evaluate a bidding contract and certify the contract's actuarial soundness to the system not later than the 15th day after the date of the request.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.057. Selection of Bids

(a) A system is not required to select the lowest bid under Section 1601.054 but shall take into consideration other relevant criteria, such as ability to service contracts, past experience, and financial stability.

(b) If a system selects a carrier whose bid differs from that advertised, the governing board of the system shall fully justify and record the reasons for the deviation in the minutes of the next meeting of the governing board.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.058. Selection of Health Maintenance Organizations

A system shall select and contract for services performed by health maintenance organizations that are approved by this state to offer health care services in specific areas of the state to eligible employees and retired employees.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.059. Certificate of Coverage

A system shall ensure that each employee and retired employee participating under this chapter is issued a certificate of coverage that states:

- (1) the benefits to which the participant is entitled;
- (2) to whom the benefits are payable;
- (3) to whom a claim must be submitted; and
- (4) the provisions of the plan document, in summary form, that principally affect the participant.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.060. Accounting by Carrier Providing Purchased Coverage

(a) A carrier providing coverage purchased under this chapter to a system shall provide an accounting for each line of coverage to the system not later than the 120th day after the end of each plan year.

(b) The accounting must be in a form acceptable to the system.

(c) The accounting for each line of coverage must state:

- (1) the cumulative amount of contributions remitted to the carrier under the coverage;
- (2) the total of all mortality and other claims, charges, losses, costs, contingency reserve for pending and unreported claims, and expenses incurred; and
- (3) the amounts of the allowance for a reasonable profit, contingency reserve, and all other administrative charges.

(d) Information provided under Subsection (c) must be provided:

- (1) for the period from the coverage's date of issue to the end of the plan year; and
- (2) for the plan year covered by the report.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.061. Special Reserve

(a) A carrier issuing a group coverage plan under this chapter may hold as a special reserve for a system an amount that equals the amount by which the total amount described by Section 1601.060(c)(1) exceeds the sum of the corresponding amounts described by Sections 1601.060(c)(2) and (3).

(b) The system may use money in the special reserve at its discretion, including for:

- (1) providing additional coverage for participating employees or retired employees;
- (2) offsetting necessary rate increases; or
- (3) reducing contributions to the coverage by participating employees or retired employees.

(c) A special reserve held by a carrier for a system earns interest at a rate determined each plan year by the carrier and approved by the system as consistent with the rate generally used by the carrier for similar funds held under other group coverages.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.062. Reports and Records by Administering Carrier

Each contract entered into under this chapter between a system and an administering carrier must:

- (1) require the administering carrier to provide reasonable reports that the system determines are necessary for the system to perform its functions under this chapter; and

(2) permit the system and representatives of the state auditor to examine records of the administering carrier as necessary to accomplish the purposes of this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.063. Assistance in Requesting Money

The Legislative Budget Board and the Governor's Budget and Planning Office shall:

(1) establish procedures to ensure that each system requests appropriate money to support its uniform program; and

(2) present appropriate budget recommendations to the legislature.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

SUBCHAPTER C. COVERAGE AND PARTICIPATION

§ 1601.101. Participation Eligibility: Employees

(a) An individual who is employed by the governing board of a system, who performs service, other than as an independent contractor, for the system, and who is described by this section is eligible to participate as an employee in the uniform program on the date specified by Section 1601.1045.

(b) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual receives compensation for services performed for the system, is eligible to be a member of the Teacher Retirement System of Texas, and either:

(1) is expected to work at least 20 hours per week and to continue in the employment for a term of at least 4-1/2 months; or

(2) is appointed for at least 50 percent of a standard full-time appointment.

(c) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual:

(1) receives compensation for services performed for the system;

(2) is employed at least 20 hours a week only; and

(3) is not permitted to be a member of the Teacher Retirement System of Texas because the individual is solely employed by the system in a position that as a condition of employment requires the individual to be enrolled as a student in the system in graduate-level courses.

(d) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual is serving a postdoctoral fellowship with an institution in a system.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003. Amended by Acts 2003, 78th Leg., ch. 366, Sec. 4.02, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1266, Sec. 2.11, eff. Sept. 1, 2003.

§ 1601.102. Participation Eligibility: Retirees

(a) An individual who retires in a manner described by this section and who meets the requirements of Subsection (f) is eligible to participate, subject to Section 1601.1045, as a retired employee in the uniform program.

(b) An individual is eligible to participate in the uniform program as provided by Subsection (a) if:

(1) the individual has at least 10 years of service with a system for which the individual was eligible to participate in the uniform program under Section 1601.101;

(2) the individual's last state employment before retirement was with that system; and

(3) the individual retires under the jurisdiction of:

(A) the Teachers Retirement System of Texas under Subtitle C, Title 8, Government Code;

(B) the Employees Retirement System of Texas; or

(C) subject to Subsection (c):

(i) the optional retirement program established by Chapter 830, Government Code; or

(ii) any other federal or state statutory retirement program to which the system has made employer contributions.

(c) An individual retiring in the manner described by Subsection (b)(3)(C) is a retired employee only if the individual meets all applicable requirements for retirement, including service and age requirements, adopted by the system comparable to the requirements for retirement under the Teachers Retirement System of Texas.

(d) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual:

(1) meets the minimum requirements under Subsection (b) except that the last state employment before retirement is not at the employing system; and

(2) does not meet the requirements for an annuitant under Section 1551.102.

(e) An individual is eligible to participate in the uniform program as provided by Subsection (a) if the individual retired under Subtitle C, Title 8, Government Code, before September 1, 1991, with at least five and less than 10 years of service.

Text of subsec. (f) as added by Acts 2003, 78th Leg., ch. 366, Sec. 4.03

(f) Notwithstanding Subsections (b)-(d), an individual is eligible to participate in the uniform program only if the individual:

- (1) has at least 10 years of service credit and the sum of the person's age and amount of service credit, including months of age and credit, equals or exceeds the number 80; or
- (2) is at least 65 years old and has at least 10 years of service credit.

Text of subsec. (f) as added by Acts 2003, 78th Leg., ch. 1266, Sec. 2.08

(f) Notwithstanding Subsection (b), an individual to whom this subsection applies is eligible to participate in the uniform program as provided by Subsection (a) if:

- (1) the individual has at least three years of service with a system for which the individual was eligible to participate in the uniform program under Section 1601.101;
- (2) the individual's last state employment before retirement was with that system; and
- (3) the individual retires under the jurisdiction of:
 - (A) the Teacher Retirement System of Texas under Subtitle C, Title 8, Government Code;
 - (B) the Employees Retirement System of Texas; or
 - (C) subject to Subsection (c):
 - (i) the optional retirement program established by Chapter 830, Government Code; or
 - (ii) any other federal or state statutory retirement program to which the system has made employer contributions.

Text of subsec. (g) as added by Acts 2003, 78th Leg., ch. 366, Sec. 4.03

(g) A person eligible to participate and participating in the uniform program as an annuitant on September 1, 2003, may continue to participate in the program as an annuitant if a lapse in coverage has not occurred.

Text of subsec. (g) as added by Acts 2003, 78th Leg., ch. 1266, Sec. 2.08

(g) Subsection (f) applies only to a person who, on August 31, 2003:

(1) was eligible to participate in the uniform program as an employee under Section 1601.101; or

(2) was eligible to participate in the uniform program as a retired employee under this section as this section existed on January 1, 2003.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003. Amended by Acts 2003, 78th Leg., ch. 366, Sec. 4.03, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 1266, Sec. 2.08, eff. June 20, 2003.

§ 1601.103. Right to Coverage

An individual eligible to participate in the uniform program under Section 1601.101 or 1601.102 may not be denied enrollment in any coverage provided under this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.104. Automatic Coverage

(a) A system shall automatically provide the basic coverage to each full-time employee unless the employee has:

(1) waived participation in the basic coverage; or

(2) selected an optional coverage plan.

(b) An employee or retired employee who is automatically covered under this section may subsequently:

(1) retain the basic coverage or waive participation in the basic coverage; and

(2) apply for any other coverage provided under this chapter within applicable standards.

(c) Automatic coverage as described under this section begins on the first date of employment.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

Sec. 1601.1045. Date Eligibility Begins; Waiting Period

(a) Except as provided by Subsection (c) or (d), eligibility under Section 1601.101 begins on the first day of the calendar month that begins after the 90th day after the date the employee performs services for a system.

(b) Except as provided by Subsection (c), eligibility under Section 1601.102, for an individual who does not retire at the end of the last month for which the individual is on the payroll of a system before retirement, begins on the first day of the calendar month that begins after the 90th day after the date the individual retires.

(c) The waiting period established by Subsections (a) and (b) applies only to the determination of initial eligibility to participate in the group health benefits program and does not apply to the determination of initial eligibility to participate in optional coverages under the uniform program.

(d) Notwithstanding Subsection (a), eligibility under Section 1601.101 may not begin earlier than the first day that an employee performs services for a system if any amount paid for premium incurred before the date specified under Subsection (a) for the employee and any dependents of the employee is paid from money not appropriated from the general revenue fund, in accordance with policies and procedures established by the system.

Added by Acts 2003, 78th Leg., ch. 366, Sec. 4.05, eff. Sept. 1, 2003.

§ 1601.105. Waiver

An employee or retired employee may waive in writing any coverage provided under this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.106. Optional Coverage

A system shall provide optional coverage in accordance with Section 1601.201.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.107. Coverage for Dependents

An individual who is eligible to participate in the uniform program under Section 1601.101 or 1601.102 is entitled to secure for a dependent of the individual any group coverages provided under this chapter for dependents under rules adopted by the applicable system.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.108. Coverage Options for Certain Surviving Spouses

(a) This section applies only to the surviving spouse of:

(1) an individual eligible to participate in the uniform program under Section 1601.101 who had at least five years of service on the date of the individual's death, including at least three years of service as an eligible employee with the employing system; or

(2) an individual eligible to participate in the uniform program under Section 1601.102.

(b) A surviving spouse to whom this section applies may elect to retain any of the following coverages in effect on the date of the participant's death:

- (1) the surviving spouse's authorized coverages; and
- (2) authorized coverages for any eligible dependent of the deceased participant.

(c) The coverage is at the group rate for other participants.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.109. Coverage for AIDS, HIV, or Serious Mental Illness

(a) In this section, "serious mental illness" has the meaning assigned by Section 1, Article 3.51-14.

(b) A system may not contract for or provide for group insurance or HMO coverage or provide self-insured coverage, that:

- (1) excludes or limits coverage or services for acquired immune deficiency syndrome, as defined by the Centers for Disease Control and Prevention of the United States Public Health Service, or human immunodeficiency virus infection; or
- (2) provides coverage for serious mental illness that is less extensive than the coverage provided for any other physical illness.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.110. Disease Management Services

(a) In this section, "disease management services" means services to assist an individual manage a disease or other chronic health condition, such as heart disease, diabetes, respiratory illness, end-stage renal disease, HIV infection, or AIDS, and with respect to which the governing board of a system identifies populations requiring disease management.

(b) A health benefit plan provided under this chapter must provide disease management services or coverage for disease management services in the manner required by the governing board of a system, including:

- (1) patient self-management education;
- (2) provider education;
- (3) evidence-based models and minimum standards of care;
- (4) standardized protocols and participation criteria; and
- (5) physician-directed or physician-supervised care.

(c) The governing board of each system shall conduct a study that evaluates the savings to the state as a result of implementation of comprehensive disease management programs as described by Subsections (a) and (b). The governing board of a system shall evaluate the clinical outcomes of participants enrolled in a disease management program. The governing board of a system shall report the progress of the study to the governor, lieutenant governor, and speaker of the house of representatives not later than December 1, 2004, and the final results of the study not later than December 1, 2005.

(d) The governing board of a system may conduct the study under Subsection (c) in conjunction with an academic center.

(e) Subsections (c) and (d) and this subsection expire January 1, 2006.

Added by Acts 2003, 78th Leg., ch. 589, Sec. 5, eff. June 20, 2003.

SUBCHAPTER D. GROUP COVERAGES

§ 1601.151. Authority to Self-insure; Exemption from Other Insurance Laws

(a) Notwithstanding any other provisions of this chapter, the governing board of a system may:

- (1) self-insure a plan provided under this chapter; and
- (2) hire a carrier to administer the system's uniform program.

(b) A plan for which a system provides coverage on a self-insured basis is exempt from any other insurance law of this state that does not expressly apply to that plan or this chapter.

(c) Expenses for the administration of a self-insured plan may come from the contributions of employees and the state after payments for any coverage provided under this chapter have been made.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.152. Cafeteria Plan

(a) The governing board of a system may develop, implement, and administer a cafeteria plan.

(b) The governing board may include in the cafeteria plan any benefit that may be included in a cafeteria plan under federal law.

(c) The governing board may cooperate and work with and enter into a necessary contract or agreement with an independent and qualified agency, person, or entity to:

- (1) develop, implement, or administer a cafeteria plan; or
- (2) assist in those activities.

(d) The governing board may adopt an order terminating the cafeteria plan and providing a procedure for the orderly withdrawal of the system and its employees from the cafeteria plan if the governing board determines that a cafeteria plan adopted under this section is no longer advantageous to the system and its employees.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.153. Systems May Join in Procuring Insurance

The systems may join together to procure one or more group contracts with an insurance company authorized to engage in business in this state to insure the employees and retired employees of each participating system.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.154. Long-term Care Coverage

(a) A system may join with a board of trustees that administers the uniform program established under Chapter 1551 or the group program established under Chapter 1575 to provide long-term care insurance coverage.

(b) Each participating board of trustees and the governing board of the system must mutually agree to join together for this purpose, subject to terms that are beneficial to all participants.

(c) A system may not participate in an agreement under this section unless any cost or administrative burden associated with the development or implementation of or communications about the long-term care coverage plan is incidental.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.155. Reinsurance

A system may arrange with an administering carrier issuing a policy under this chapter for the reinsurance of portions of the total amount of insurance under the policy with other carriers that elect to participate in the reinsurance.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

SUBCHAPTER E. PAYMENTS, CONTRIBUTIONS, AND COSTS

§ 1601.201. Payment for Coverage

(a) A system may not contribute more than the amounts specified by this section for coverages provided under the uniform program.

(b) For an employee designated by the system as working 40 or more hours a week, the system may contribute:

- (1) the full cost of basic coverage for the employee; and
- (2) not more than 50 percent of the cost of dependent coverage.

(c) For an employee designated by the system as working less than 40 hours a week, including an individual employed by the system in a position that as a condition of employment requires the individual to be enrolled as a student in the system in graduate-level courses, the system, from money appropriated from the general revenue fund, may contribute:

- (1) not more than 50 percent of the cost of basic coverage for the employee; and
- (2) not more than 25 percent of the cost of dependent coverage.

(d) Subsection (c) does not prohibit a system from contributing, from money not appropriated from the general revenue fund, amounts in excess of the amount specified by that subsection for an individual employed by the system in a position that as a condition of employment requires the individual to be enrolled as a student in the system in graduate level courses.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003. Amended by Acts 2003, 78th Leg., ch. 366, Sec. 4.06, eff. Sept. 1, 2003.

§ 1601.202. Fees for Cafeteria Plan

(a) The governing board of a system may establish a monthly fee in an amount set by the board to be paid by each employee who elects to participate in a cafeteria plan for the purpose of paying the expenses of administering the cafeteria plan.

(b) If the governing board establishes a monthly fee, each employee who participates in the cafeteria plan must authorize payment of the fee by executing a separate payroll deduction agreement or as part of a salary reduction agreement, as determined by the governing board.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.203. Payment for Coverage for Dependents

Contributions for coverages for a dependent of an individual eligible to participate in the uniform program under Section 1601.101 or 1601.102 required of the participant that exceed the amount of system contributions shall be paid:

- (1) by a deduction from the monthly compensation of the participant;
- (2) by a reduction of the monthly compensation of the participant in the appropriate amount; or
- (3) in the form and manner the system determines.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.204. Authorization of Employee Deduction

(a) Except for a participant who participates in a cafeteria plan, each individual eligible to participate in the uniform program under Section 1601.101 must authorize a deduction from the participant's monthly compensation in an amount equal to the difference between:

- (1) the total cost for coverages for which the participant applies; and
- (2) the amount contributed by the system.

(b) The authorization must be:

- (1) in writing or performed electronically; and
- (2) in a form satisfactory to the system.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.205. Employee Payments for Participation in Cafeteria Plan

(a) If an employee elects to participate in a cafeteria plan, the employee must execute a salary reduction agreement under which the employee's monthly compensation will be reduced in an amount equal to the difference between:

- (1) the amount appropriated for that purpose in the General Appropriations Act or the system's budget; and
- (2) the cost of the employee's selected coverages for which the employee is eligible to pay under the cafeteria plan.

(b) The employee must execute a salary reduction agreement for any portion of the cost that is not covered by state or system appropriations and cafeteria plan contributions.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.206. Payment by Retired Employee

An individual eligible to participate in the uniform program under Section 1601.102 must execute an agreement and make appropriate contributions in a manner analogous to the requirements adopted under Sections 1601.204 and 1601.205 for an individual eligible to participate in the uniform program under Section 1601.101.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.207. System Contributions

A system shall contribute monthly to the cost of each participant's coverage provided under this chapter an amount:

- (1) if the participants are compensated from amounts appropriated in the General Appropriations Act, equal to or greater than the amount appropriated for that purpose in the Act; or
- (2) if the participants are compensated from amounts appropriated by the governing board of the system in its official operating budget, an amount equal to the amount appropriated for a participant under the General Appropriations Act.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.208. Amount of System Contribution

Not later than November 1 preceding each regular session of the legislature, each system shall certify to the Legislative Budget Board and the budget division of the Governor's Budget and Planning Office the amount necessary to pay the contributions of the system for the coverages provided under this chapter to each employee and retired employee of the system.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.209. Order of Precedence of Payment To Survivors

(a) The amount of group life coverages and group accidental death and dismemberment coverages in force for a participant on the date the participant dies shall be paid, on the establishment of a valid claim, to a person surviving the death in the following order of precedence:

- (1) to the beneficiary designated by the participant in a signed and witnessed writing received before death by the appropriate office of the applicable system; or
- (2) if a beneficiary is not designated under Subdivision (1), in accordance with the death benefit provisions of Subtitle C, Title 8, Government Code.

(b) For purposes of Subsection (a)(1), a designation, change, or cancellation of a beneficiary in a document, including a will, that is not executed and filed in the manner described by that subsection is not valid.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.210. Provision of Necessary Information

The Teacher Retirement System of Texas, Optional Retirement Program carriers, and Employees Retirement System of Texas shall provide to each system information the system considers necessary to provide retired employees with the coverages and system contributions provided under this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

SUBCHAPTER F. CAFETERIA PLAN FUND

§ 1601.251. System Cafeteria Plan Fund

- (a) The governing board of each system may establish and administer a cafeteria plan fund.
- (b) The following shall be credited to the cafeteria plan fund of a system:
 - (1) salary reduction payments for benefits included in a cafeteria plan adopted under this chapter, other than group coverage plans under the uniform program;
 - (2) appropriations by the state for the administration of a cafeteria plan; and
 - (3) a monthly fee established under Section 1601.202.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.252. Use of Fund

The cafeteria plan fund of a system is available without fiscal year limitation:

- (1) for all payments for any benefits included in a cafeteria plan adopted by the system under this chapter other than group coverage plans under the uniform program; and
- (2) for payment of expenses of administering the cafeteria plan.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.253. Investment of Money in Fund

- (a) The governing board of a system may invest the money in the system's cafeteria plan fund.
- (b) The earnings, including interest, and the proceeds from the sale of the investments become a part of the fund.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

SUBCHAPTER G. ADVISORY COMMITTEE

§ 1601.301. Advisory Committee

An advisory committee for each system shall be selected, serve, and perform duties as provided by this subchapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.302. Election of Members

One member of the advisory committee shall be elected from each of the components, units, or agencies of the system:

- (1) at times designated by the system; and
- (2) in accordance with general guidelines for the election provided by the system.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.303. Qualifications of Members

- (a) A member of a system's advisory committee must be an employee of the system.
- (b) A member must:
 - (1) demonstrate mature judgment, special abilities, and sincere interest in employee coverage plans; and
 - (2) be able to represent the needs of all employees of the component, unit, or agency the member represents with respect to an action of the advisory committee.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.304. Terms

A member of the advisory committee is elected for a two-year term, subject to reelection.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.305. Officers

Annually, the members of a system's advisory committee shall elect a presiding officer and other necessary officers.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.306. Vacancy

The chief executive officer of a component, unit, or agency of a system shall appoint to the system's advisory committee an employee of the component, unit, or agency to fill the remainder of a vacated term of a member who is an employee of the component, unit, or agency.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.307. Duties of Committee

(a) The advisory committee of a system shall cooperate and work with the governing board of the system in coordinating and correlating the administration of the uniform program among the various components, units, and agencies of the system.

(b) Members of the advisory committee shall cooperate and work with the governing board of the system as advisors in the development, implementation, coordination, and administration of the uniform program among the various components, units, and agencies of the system.

(c) The advisory committee shall provide a channel for open communication of ideas and suggestions regarding coverages, eligibility, claims, procedures, bidding, administration, and any other aspect of employee plan benefits.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.

§ 1601.308. Expenses; Payment by Employees

(a) A member's service on the advisory committee of a system is in addition to the duties of the member's state office or employment.

(b) An expense incurred by an advisory committee member in performing a duty as a member of the committee shall be paid from money made available for that purpose to the system of which the member is an employee or officer.

(c) Employees shall pay the expenses of an advisory committee established under this subchapter from:

(1) the amount of employer contributions due the employees; or

(2) the amount of additional contributions due for selected coverages under this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 3, eff. June 1, 2003.