


<p>Office of Employee Benefits</p> <p>Administrative Manual</p> 	<p>FUNDING FOR GROUP INSURANCE COVERAGE</p>	<p>140</p>
	<p>EFFECTIVE DATE: SEPTEMBER 1, 2005</p>	
	<p>REVISION DATE: MARCH 2006; Sept. 2006; Sept. 2008; Nov. 2008</p>	
	<p>PURPOSE: To provide guidance in determining eligibility for the employer contribution to pay for group insurance premiums</p>	
	<p>SCOPE: Employees and Retired Employees of The University of Texas System</p>	
<p>STATUTORY AND ADMINISTRATIVE REFERENCES: Texas Insurance Code, Chapter 1601; General Appropriations Act, Article III, Texas Legislature; Texas Government Code, Chapter 667.005; Texas Higher Education Code, Subchapter C, Section 51.010–51.107.</p>		

1.0 BACKGROUND

Section 1601.207 requires The University of Texas System (System) to contribute certain amounts (the state Premium Share) toward the cost of coverage for participants in its Uniform Group Insurance Program (Program) coverage. These total amounts are designated in the General Appropriations Act.

The funds designated by the Texas legislature for the state premium Share are intended to cover some or all of the costs of the Basic Coverage Package for Active Employees, Retired Employees and their benefits eligible Dependents. The Basic Coverage Package for active Employees is the self-funded UT SELECT medical plan, basic Group Term Life (GTL) of \$10,000 and basic Accidental Death and Dismemberment (AD&D) of \$10,000. The Basic Coverage Package for Retired Employees is the self-funded UT SELECT medical plan plus basic GTL of \$3,000. Retired Employees are not eligible for basic AD&D coverage.

2.0 ELIGIBILITY FOR PREMIUM SHARING

2.1 Persons Eligible for Premium Sharing:

- Employees who are eligible to participate as a member of the Teacher Retirement System of Texas (TRS) and who are:

- assigned to work at least 20 hours a week for a period of at least 4 ½ months; or
- appointed for at least 50% of a standard full-time appointment
- Employees who are not eligible to participate in TRS because they are required to take graduate level classes as a condition of employment and who are:
 - assigned to work at least 20 hours a week for a period of at least 4 ½ months; or
 - appointed for at least 50% of a standard full-time appointment
- Retired Employees who are eligible for benefits
- Benefits eligible Dependents of Employees and Retired Employees

2.2 Persons Not Eligible for Premium Sharing:

In general, only benefits eligible Retired Employees and individuals who are employed in services as an Active Employee are eligible for Premium Sharing. The following individuals are not eligible for Premium Sharing:

- Employees during any break in service from employment
- Employees on Leave of Absence Without Pay (LWOP) for more than a full calendar month unless the Employee is simultaneously on FMLA leave (see Section 3.5 of this Policy for more information about LWOP and FMLA)
- Surviving spouses and dependent children of deceased Employees or Retired Employees
- COBRA participants
- Previously retired return to work Employees who have retained their coverage as a Retired Employee under the U.T. System or another state group insurance plan and who are receiving Premium Sharing to cover the cost of their retirement coverage
- Any employee in a non-benefits eligible position

3.0 PAYMENT FOR COVERAGE

3.1 Limit on Premium Sharing

In compliance with Texas statutes, a System institution may not contribute more than the amounts specified in this Policy for benefits eligible Active Employees and Retired Employees.

3.2 Premium Sharing If Enrolled in U.T. Group Insurance Health Coverage

3.2.1 Full-Time Active Employees and All Retired Employees

Employees expected to work 40 or more hours a week and benefits eligible Retired Employees are entitled to Premium Sharing that covers:

- The full cost of the Basic Coverage Package for a Full-time Employee (UT SELECT, basic GTL and basic AD&D) or for a Retired Employee (UT SELECT and basic GTL only); and

- Up to fifty percent (50%) of the premium cost of medical coverage for their eligible Dependents.

3.2.2 Benefits Eligible Faculty Members on Statutory Developmental Leave

Texas Education Code Sections 51.101-107 authorize System institutions to grant faculty development leave to full-time faculty members either for one academic year at one-half of the faculty member's regular salary or for one-half academic year at full regular salary. During the Faculty Development Leave period, the faculty member is considered to be continuing under his or her full-time appointment and remains eligible to participate in Premium Sharing.

A faculty member who takes a leave of absence without pay to work for another employer is not eligible for Premium Sharing.

3.2.3 Part-Time Employees Including Graduate Student Employees

In general, an Employee designated by a U.T. institution as working at least 20 hours but less than 40 hours per week, including an individual employed in a position that as a condition of employment requires the individual to be enrolled as a student in graduate level courses at the institution, may receive through Premium Sharing:

- Not more than 50% of the premium cost of the Basic Coverage Package for a Graduate Student Employee or a Part-time Employee; and
- Not more than 25% of the premium cost of medical coverage for Dependents of a Graduate Student Employee or a Part-time Employee.

The institution may contribute additional amounts toward the premium cost of Program coverage for Graduate Student Employees and their Dependents, and certain nurses, from funds not appropriated in the General Revenue Act under specific circumstances. See Policy 142 for a complete description of the rules governing Premium Sharing available for these Employees.

3.3 Premium Sharing If Not Enrolled in U.T. Group Insurance Health Coverage

3.3.1 Full-Time Active Employees and Retired Employees

A Full-time Employee (designated by an institution as working 40 or more a week, including a benefits eligible faculty member on statutory Faculty Development Leave as set forth in Section 3.2.2 above) or a Retired Employee who has documented health insurance coverage with another group plan, other than with another state group insurance program described in Section 5.0, may waive the Basic Coverage Package and use up to one-half (50%) of the "Subscriber Only" Premium Sharing amount to pay premium for certain optional insurance coverages in the Program. See Section 3.3.4 for a list of eligible optional coverages.

Important: Full-time Employees and Retired Employees, who wish to waive the Basic Coverage Package and receive Premium Sharing for optional coverages, must submit proof of other group insurance to their employing institution.

3.3.2 Part-Time Employees Including Graduate Student Employees

An eligible Graduate Student Employee or Part-time Employee who chooses to waive the Basic Coverage Package is eligible to receive no more than 50% of appropriated Premium Sharing funds for a Graduate Student Employee or Part-time Employee, as described in Section 3.2.2, to apply to the premium cost for eligible optional coverages. However, a Graduate Student Employee at an institution that supplements premium for its Graduate Student Employees is not eligible to receive any supplemental premium for use toward Optional Coverage even if the Employee waives basic coverage. See Section 3.3.4 of this Policy for a list of eligible optional coverages.

Important: Part-time Employees and Graduate Student Employees, who wish to waive the Basic Coverage Package and receive Premium Sharing for eligible optional coverages, must submit documentation of other comparable group insurance to their employing institution.

See Policy 142 of this Administrative Manual for more information regarding Premium Sharing for Graduate Student Employees and Part-time Employees.

3.3.3 Post Doctoral Fellows

Post Doctoral Fellows are not eligible for Premium Sharing unless employed in a benefits eligible position. However, the institution may contribute toward the premium cost of Program coverage for Post Doctoral Fellows, as long as the funds are not paid from funds designated by the Texas Legislature for state Premium Sharing purposes. Any such contributions made by an institution must be the same for all Post Doctoral Fellows.

3.3.4 Eligible Optional Insurance Coverages

As authorized by the General Appropriations Act, the System has approved the following optional insurance coverages, that are fully paid by the Employee or Retired Employee on a pre-tax basis, to be eligible for Premium Sharing if the Employee/Retired Employee is not enrolled in the Basic Coverage Package:

- Dental - Employee/Retired Employee and Dependent coverage
- Vision - Employee/Retired Employee and Dependent coverage
- Voluntary Group Term Life (GTL) up to \$50,000 – Employee/Retired Employee Only coverage
- Voluntary Accidental Death and Dismemberment (AD&D) – Employee and Dependent Only coverage

Important: An Employee or Retired Employee who is unable to show proof of other group coverage is not eligible to receive a percentage of state Premium Sharing toward optional coverages. An Employee/Retired Employee who waives coverage may be required to provide EOI to enroll at a later date.

3.4 Leave Without Pay (LWOP) Status

Employee eligibility for placement on Leave Without Pay and FMLA leave is determined by the U.T. System institution that employs that individual pursuant to applicable law. The Office of Employee Benefits does not make determination as to

eligibility for LWOP or FMLA leave. The following requirements for eligibility for Premium Sharing while on LWOP shall apply to each Employee who has been placed on LWOP for a full calendar month or more:

3.4.1 Employee on Leave Without Pay and Not on FMLA Leave

An Employee on LWOP who is not on LWOP due to FMLA leave for more than a full calendar month will not be entitled to Premium Sharing for that month. To retain coverage while on LWOP, such an Employee must either:

- (a) pay the full premium for the Employee and any Dependent coverage on a post tax basis for each month in which the Employee remains on LWOP; or
- (b) prior to commencement of the leave period, request that the coverage be temporarily suspended (“held in abeyance”) while the Employee is on LWOP. An Employee who makes a timely request to hold Program coverage in abeyance may reinstate the same coverage upon return ~~with meeting~~ **without having to meet** Evidence of Insurability (EOI) requirements. However, the Employee may not add or change or drop any coverage previously placed in abeyance.

An Employee on LWOP who fails to have coverages held in abeyance and subsequently fails to pay the required premium for the coverage will be terminated for non-payment. The time on LWOP will be treated as a break in service, and the Employee will be required to satisfy all applicable EOI requirements in order to reinstate coverage. However, any waiting period normally applied to newly benefits eligible Employees will not apply.

3.4.2 Employee on Both Leave Without Pay and FMLA Leave

An Employee on LWOP due to FMLA remains eligible for Premium Sharing regardless of the length of the leave. Such an Employee may elect to continue their own basic health and dental coverage and either:

- (a) request that all other coverages be held in abeyance; or
- (b) maintain coverage and pay the out of pocket premium portion for all coverages:
 - (i) with after-tax dollars while on leave; or
 - (ii) with pre-tax dollars out of pre-leave or post-leave compensation.

If the Employee’s basic health care, dental and/or Medical Expense Reimbursement Account benefits are terminated while on FMLA leave due to non-payment of premium, the Employee may re-enroll in such coverage upon return from leave on the same basis as they were participating in the coverage before the leave, or otherwise required by the FMLA. Coverage for Dependent coverage and optional coverages cancelled due to non-payment of premium will be reinstated under the same terms as for Employees returning from LWOP who were not also on FMLA leave.

Important: An Employee on both FMLA leave and LWOP who subsequently exhausts available FMLA leave but remains on LWOP loses eligibility for Premium Sharing during the leave as of the date the FMLA leave terminates.

4.0 EFFECTIVE DATES

4.1 Employees

Newly benefits eligible Employees may be subject to a benefit waiting period prior to the effective date of Premium Sharing for payment of the premium cost for the Basic Coverage Package. However, even if a waiting period applies, the election for the Basic Coverage Package must be made within 31 days of the Employee's hire date. If a waiting period does apply, the effective date of basic coverage will be the first of the month following the end of the waiting period. If a waiting period does not apply, the effective date will be the first day of enrollment for benefits. See Policy 141 of this Administrative Manual for more information.

Premium Sharing is not available for payment of the premium cost for optional coverages, except when the Employee waives the Basic Coverage Package as described in Section 3.3 of this policy. The Employee will have 31 days from the first day of benefits eligible employment to elect optional coverages for the Employee and their eligible Dependents. The effective date for optional coverages may be the first day of employment or the first of the following month if the election is made during the month of employment. If the election is made within 31 days of employment but in the month following the month of employment, the effective date may be the first of the month following employment or the first of the month following the date of election.

For more information about effective dates of coverage for Employees, see Policy 210 of this Administrative Manual.

4.2 Retired Employees

Newly Retired Employees may be subject to a benefit waiting period prior to the effective date of Premium Sharing for payment of the premium cost for the Basic Coverage Package, if there has been a break between the last day of Active Employment and the first day of retirement. If a waiting period does apply, the effective date of coverage will be the first of the month following the end of the waiting period. If there is no break between the last day of Active Employment and the first day of retirement, Premium Sharing will be effective the first day of retirement. See Policy 141 of this Administrative Manual for more information.

Premium Sharing is not available for payment of the premium cost for optional coverages, except when the Retired Employee waives the Basic Coverage Package as described in Section 3.3 of this policy. The Retired Employee will have 31 days from the first day of retirement to elect optional coverages. The effective date for optional coverages may be the first day of retirement or the first of the following month if the election is made during the month of retirement.

For more information about effective dates of coverage for Retired Employees, see Policy 220 of this Administrative Manual.

4.3 Dependents

Employees and Retired Employees may receive Premium Sharing for benefits eligible Dependents. If a newly benefits eligible Employee or Retired Employee is adding an eligible Dependent, the effective date of Premium Sharing for the Dependent is the same effective date as for the new Employee or Retired Employee, following any required benefit waiting period if applicable. For more information about the waiting period for Dependent coverage, see Policy 141 of this Administrative Manual.

If the Employee or Retired Employee is already enrolled in Program coverage and wants to add a newly eligible Dependent, the effective date may be either the date of the qualifying Change in Status event or the first of the month following the event. For more information about the effective dates for Change in Status events, see Policy 310 of this Administrative Manual.

If the Employee or Retired Employee is already enrolled in Program coverage and wants to add a Dependent, who is not newly benefits eligible, to a coverage that does not require approval through the Evidence of Insurability (EOI) process, the effective date will be the first of the following month. If the coverage requested for the Dependent requires approval through the EOI process (e.g., enrollment in UT SELECT), the effective date may be either the date of EOI approval or the first of the month following the date of approval. For more information about the EOI process, see Policy 270 of this Administrative Manual.

5.0 DUAL STATE PREMIUM SHARING AND DUPLICATE GROUP COVERAGE PROHIBITED

Neither benefits eligible Employees nor Retired Employees, nor their covered Dependents, are eligible for Premium Sharing from both the System group insurance program and any other state group insurance program including the Texas A&M System, the Employees Retirement System of Texas (ERS), and the Teacher Retirement System of Texas (TRS). This prohibition applies even if the individual is eligible as an active employee under one program and a retired employee or covered dependent in another. Any such individual must elect to receive Premium Sharing from only one of the state programs.

Example: An Employee works full-time in a benefits eligible position at a U.T. institution, and the Employee's spouse works part-time in a benefits eligible position also at a U.T. institution. If the Employee wants to enroll the spouse as a dependent on her medical coverage, the spouse must decline his medical coverage as a part-time employee. The spouse cannot waive his medical coverage to receive partial Premium Sharing for optional coverage and also be added to the Employee's medical coverage and receive Premium Sharing as the spouse would be receiving duplicate Premium Sharing.

Important: U.T. System is required to pay TRS a surcharge for any TRS retired employee participating in TRS Care who is subsequently hired as a U.T. System Employee. Such employees must drop TRS Care in order to participate in the U.T. coverage as an Active Employee. TRS has advised that once an individual drops TRS Care, it is unlikely, due to the absence of an open enrollment period for TRS Care, that the individual will ever be able to re-enroll in TRS. Since a return to work retiree is unlikely to meet the service requirements as a System Employee to qualify for coverage as a System Retired Employee, return to work TRS retired employees with TRS Care

are strongly advised not to drop their enrollment in TRS Care coverage in order to enroll in U.T. System Program coverage.