


<p>Office of Employee Benefits</p> <p>Administrative Manual</p> 	<p>WAITING PERIOD FOR GROUP INSURANCE BENEFITS</p>	<p>141</p>
	<p>EFFECTIVE DATE: SEPTEMBER 1, 2003</p>	
	<p>REVISION DATE: MARCH 1, 2006; SEPT. 2008</p>	
	<p>PURPOSE: To provide guidance for U.T. institutions in applying the waiting period requirement for eligibility for enrollment in group insurance benefits</p>	
	<p>SCOPE: Newly benefits-eligible Employees and Retired Employees of The University of Texas System enrolling in the Employee Group Insurance Program</p>	
<p>STATUTORY AND ADMINISTRATIVE REFERENCES: Texas Insurance Code, Chapter 1601</p>		

1.0 BACKGROUND

Chapter 1601.045 imposes an eligibility waiting period for all newly hired Employees who are in a benefits-eligible position and all Retired Employees who do not apply for retirement benefits at the time they terminate employment. The date that eligibility for coverage begins is defined in Section 1601.045 as the first of the calendar month that begins after the 90th day after the date the Employee performs services for The University of Texas System (System) or the date of retirement, whichever is applicable. This waiting period applies only to Employee Group Insurance Program (Program) coverage for which Premium Sharing is provided.

Section 1601.045(d) permits the System to establish a policy providing for the elimination or reduction of the waiting period for eligibility for newly hired Employees provided that no funds for payment of the employer contribution of the premiums are paid with appropriated funds during the waiting period.

Important: The waiting period does not apply to enrollment in optional coverages, which is coverage other than the Basic Coverage Package (medical, basic group term life and basic accidental death and dismemberment for Employees and medical and basic group term life for Retired Employees).

2.0 POLICY ON INSTITUTION ELIGIBILITY WAITING PERIODS

2.1 Pursuant to Section 1601.1045(d), institutions may either:

- (1) require the waiting period for eligibility for all Employees who are newly hired for a benefits-eligible position and all Retired Employees who do not apply for group insurance benefits prior to termination of employment; or
- (2) eliminate the waiting period for Employees who are newly hired for a benefits-eligible position by paying the employer share of group insurance premium for all Employees and Retired Employees from local funds during the waiting period.

Important: Some institutions have elected to reduce, rather than eliminate, the waiting period by paying the employer share of the premium during a portion of the 90 day waiting period; i.e., an institution may pay sixty days of the employer share of premium during the waiting period, thereby creating a sixty day waiting period.

2.2 This requirement applies to both new hires employed in a benefits eligible position and employees who were previously employed in a non-benefits eligible position who switch to or transfer to a benefits eligible position.

2.3 An institution may eliminate the waiting period by funding the premium for all coverages for which Premium Sharing is provided for all newly benefits eligible Employees during the first days of employment in a benefits eligible position. An institution that elects to reduce a portion of the waiting period must eliminate the same portion of the waiting period for all of its benefits eligible employees for all coverage for which Premium sharing is provided. This policy must be approved by the President of the institution and also must apply for all of its benefits-eligible Employees. See Section 7.0 of this Policy for more information.

3.0 BENEFIT ELIGIBILITY

3.1 **Newly Benefits Eligible Employee Including Newly Hired Employees**

3.1.1 Institutions With a Waiting Period

Unless the employing institution has elected to pay the employer portion of the premium during the waiting period, a newly benefits eligible Employee becomes eligible to participate in a basic group insurance plan offered by the System Administration Office of Employee Benefits (OEB) and becomes eligible for Premium Sharing on the first day of the calendar month that begins after the 90th day, of in the case of an institution that elects to eliminate only a portion of the waiting period, after the number of days that were not eliminated by the institution, following the date on which the Employee begins to perform services for an institution in a benefits-eligible position.

Example 1: A person begins work as a newly hired benefits-eligible Employee at a U.T. institution on September 1, and the institution does not eliminate the waiting period as set forth in Section 2.1(2) of this Policy. This Employee will become eligible for enrollment in Program coverages for which Premium Sharing is provided on December 1.

Example 2: Same facts as Example 1, except the institution eliminates 30 days of the waiting period as permitted by Section 2.1(2). This Employee will become eligible for enrollment in Program coverages for which Premium Sharing is provided on October 31.

Example 3: A person currently working as a seasonal employee transfers to a benefits eligible position effective September 1, and the institution does not eliminate the waiting period as set forth in Section 2.1(2) of this Policy. This Employee will become eligible for enrollment in Program coverages for which Premium Sharing is provided on December 1.

3.1.2 Institutions Without a Waiting Period

If an employing institution has elected to eliminate the waiting period as provided in Section 2.1(2) of this Policy, a newly benefits-eligible Employee may participate in all eligible Program coverages, including those paid by Premium Sharing without being subject to a waiting period.

Coverage may become effective at the Employee's option on either:

- (a) the first day of active employment in a benefits eligible position;
or
- (b) the first of the month following the first day of active employment in that position.

3.2 Eligible Retired Employees

An Employee enrolled in a medical plan offered by OEB, who applies for group retirement insurance upon retirement from the System, will become eligible to participate in the Program coverage as a Retired Employee and receive the state Premium Sharing on the day the retirement takes effect.

An Employee who applies for retirement insurance benefits at any point after termination of employment will not be eligible to participate in the medical coverage or receive the state Premium Sharing until the first day of the calendar month that begins after the 90th day after the date the individual retires.

Example 1: An active U.T. Employee meets the eligibility requirements for retirement. The Employee is in an active employment status through August 31 and retires effective September 1. Since there is no break in service or coverage, the waiting period will not apply.

Example 2: An Employee terminated U.T. employment in 1996 with 10 years of service at the age of 45. He reaches age 65 on his birth date on April 1, 2006 and begins to receive a retirement annuity. Because there was a break between his last date of employment and his first date of retirement, he will not be eligible for medical coverage until July 1, 2006.

3.3 Enrollment or Re-Enrollment Following a Break in Service

- 3.3.1 An Employee who applies to enroll or re-enroll after a break in Program coverage is not subject to the waiting period requirement.

3.3.2 An Employee who transfers, without a break in service, from a benefits eligible position at one System institution or another state agency to a System institution that has not eliminated the waiting period is not subject to the waiting period imposed by the institution to which the Employee has transferred.

3.3.3 Graduate Teaching Assistants with Summer Break

A Graduate Teaching Assistant, who has Program coverage during the spring semester, has a break during the summer semester, and then has an appointment to teach and have Program coverage during the subsequent fall semester, is not subject to a new waiting period.

3.4 Discharge from Active Military Duty

An Employee or Retired Employee, who is called to active military duty and cancels Program coverage and at a later date is discharged from active military duty and re-enrolls in the Program coverage in accordance with Policy 320, will not be subject to any waiting period before the coverage becomes effective.

4.0 PROGRAM COVERAGE ELECTIONS

An Employee must make all Program coverage elections during the first 31 days of employment, and a Retired Employee must make all Program coverage elections during the first 31 days of retirement, regardless of whether the employing institution requires a waiting period for eligibility.

5.0 PREMIUM SHARING

Premium Sharing is available to Employees and Retired Employees toward the cost of the Basic Coverage Package, as described in Policy 140 of this manual. The effective date of Premium Sharing for institutions that have a waiting period is explained in Section 3.1.1 of this policy. The effective date of Premium Sharing for institutions that do not have a waiting period is explained in Section 3.1.2 of this policy.

Premium Sharing does not apply to optional coverages unless the Employee or Retired Employee waives the Basic Coverage Package and provides proof of other group insurance coverage (see Policy 140 for details). There is no waiting period for optional coverages; therefore, newly benefits-eligible Employees and Retired Employees may elect for their elected optional coverages to be effective either the first date of eligibility or the first of the following month.

The Employee/Retired Employee will be responsible for the full premium payment for optional coverages.

6.0 ADDING DEPENDENTS

6.1 Dependent of a New Employee or Retired Employee

The eligibility date for the Dependent of a newly benefits-eligible Employee or Retired Employee added during the initial period of eligibility will be the same as the eligibility date for the Employee or Retired Employee.

6.2 Dependent of a Current Employee or Retired Employee

There is no eligibility waiting period for a Dependent added to the coverage of a currently enrolled Employee or Retired Employee. If an Employee or Retired Employee wishes to add a Dependent who is not newly eligible, there is no waiting period; however, EOI may be required depending on the type of coverage requested.

7.0 ELIMINATION OF THE WAITING PERIOD

7.1 Employer May Fund Employer Portion of Premium

Any institution that chooses to supplement funding for the employer portion of premiums to eliminate the waiting period must:

- 7.1.1** determine that sufficient funding from local institutional funds is available for the plan year;
- 7.1.2** obtain prior approval from the institution President or designee; and
- 7.1.3** provide the supplementation consistently to all benefits-eligible Employees.

7.2 Employees May Not Fund Employer Portion of Premium

An Employee at an institution that does not elect to supplement funding of the employer portion of premiums may not avoid the waiting period by attempting to pay the employer portion of the premium.