1. Title

Institution Based Voluntary Insurance Plans

2. Policy

Sec. 1 Purpose. The University of Texas System is required by *Texas Insurance Code*, Chapter 1601 to provide uniform group insurance program (UGIP) benefits to each benefits-eligible employee and to contribute to the cost of the basic coverage provided by the UGIP. Individual U. T. System institutions have sought guidance as to whether an institution may elect to offer an insurance plan (hereinafter an “Institution Based Voluntary Insurance Plan” or “Plan”) solely to its own employees for coverage not available under the UGIP. This policy authorizes institutions to provide such a plan if the institution complies with the requirements set forth in this policy.

Sec. 2 Use of UGIP Resources Prohibited. A Plan cannot be acquired, funded, or operated by or on behalf of, a U. T. System institution or U. T. System using any resources appropriated to or reserved by the institution for the purpose of funding premium or any other costs associated with the UGIP. Institutions cannot access or use resources provided by the U. T. System Administration's Office of Employee Benefits (OEB) for UGIP purposes, including UGIP on-line enrollment services, for the operation or implementation of an Institution Specific Voluntary Insurance Plan. Employees enrolled in an Institution Based Voluntary Insurance Plan are not eligible to utilize the UT Select Premium Reduction Plan or any cafeteria plan provided as part of the UGIP to make premium contributions owed in connection with a Plan. Responsibility for determining how premiums shall be paid by a participant and/or tax treatment of premium payments for any Plan offered by an institution are the sole responsibility of the institution proposing to offer a Plan.

Sec. 3 Preimplementation Requirements. Prior to implementation of a Plan, the office charged with the creation and implementation of the Plan on behalf of the institution must:

3.1 identify the expected Benefit(s) the institution is expected to realize as the result of offering the Plan;

3.2 make an initial determination of the predicted Costs that the institution will incur in the procurement, implementation, or administration of the Plan;

3.3 ensure that no Costs to be expended by the institution for the procurement, implementation, or administration or payment of premium are derived from funds appropriated by the State of Texas or reserved by or on behalf of the institution pursuant to State law to cover the costs of UGIP coverage;

3.4 identify any Risks related to the procurement and implementation of the Plan;

3.5 submit a summary of the proposed Plan to OEB containing sufficient detail to determine whether the Plan will conflict or compete with the benefits and services available to the institution's employee under the UGIP;

3.6 obtain confirmation from OEB that the proposed Plan will not conflict or compete with the benefits and services available to the institution's employee under the UGIP;

3.7 resolve all legal or policy issues, including applicable IRS requirements and Consolidated Omnibus Budget Reconciliation Act (COBRA) requirements, identified in connection with the proposed Plan;

3.8 determine the process by which Plan premiums will be collected from Plan participants and remitted to the carrier(s) providing the Plan and ensure that all such processes comply with applicable IRS requirements and other applicable laws and regulations;

3.9 ensure the Plan is offered to all employees throughout the institution; and

3.10 obtain the approval of the president to offer the Plan.

Sec. 4 Procurement Requirements. A carrier that provides a Plan to the institutions' employees must be selected by the institution using procurement and contracting processes that comply with all U. T. Systemwide and institutional requirements for procurement and contracting for employee insurance products. Additionally, the institution must at a minimum, ensure that, as part of the procurement and/or contracting process:

4.1 the carrier offering the Plan has all licenses and certificates required by the Texas Department of Insurance to offer the Plan to Texas residents;

4.2 the Plan is actuarially sound;

4.3 the Plan will comply with all applicable *Texas Insurance Code* statutes and Texas Department of Insurance regulations pertaining to the Plan;

4.4 the carrier and the Plan will comply with State law breach notification requirements, UTS165, and all other applicable policies pertaining to security of U. T. System electronic data, and, if applicable, the Health Insurance Portability and Accountability Act (HIPAA) Administrative Simplification Rules, with regard to any electronic data, including Plan participants' personally identifiable information, that is provided to or collected by the carrier on behalf of the institution pursuant to the Plan;

4.5 all data, including personally identifiable information relating to Plan participants, that is provided to or collected by or on behalf of the carrier pursuant to the Plan will be treated by the carrier and all subcontractors as confidential and used only for purposes directly related to the Plan, the carrier's internal operations, or as otherwise required by law, and will not be used by the carrier, or provided to affiliates or third parties, for marketing purposes of any kind; and

4.6 the carrier warrants that any electronic and information resources and all associated information, documentation, and support that the carrier provides to institution pursuant to the Plan comply with the applicable requirements set forth in Title 1, Chapter 213 of the *Texas Administrative Code* and Title 1, Chapter 206, Rule Section 206.70 of the *Texas Administrative Code* (as authorized by Chapter 2054, Subchapter M of the *Texas Government Code*).

Sec. 5 Post Implementation Requirements. For each Plan offered, an institution must periodically, but no less than annually, prepare a written assessment confirming that the Plan has not affected the institution's ability to assist benefits eligible employees with accessing UGIP coverage or benefits and provide a copy of the assessment to the OEB.

Sec. 6 Office of Employee Benefits Responsibilities. The OEB shall:

6.1 develop a process for determining if a proposed Plan will conflict or compete with a coverage provided by the UGIP as well as a form institutions can use to request such a determination; and

6.2 monitor the impact of Institution Based Voluntary Insurance Plans offered by U. T. System institutions on the UGIP.

3. Definitions

Benefit - the benefit received by an institution that justifies the expenditure of public funds in connection with an Institution Specific Voluntary Insurance Plan.

Costs - all expenses incurred by an institution as the result of offering an Institution Specific Voluntary Insurance Plan. Costs include, but are not limited to, any monies, staff time, and other resources spent on the procurement, implementation, and ongoing administration of the Plan. Some examples include: resources expended in preparation and review of Plan designs, Requests for Proposals or other procurement instruments, preparation and review of Plan documents, handbook and enrollment materials, creation of a collection and/or payment system for Plan premiums, obtaining or maintaining information resources such as software or a website associated with the Plan, and any institutional involvement in Plan oversight, and resolution of enrollment, eligibility, and claims issues brought to the institutions' attention by Plan participants. It would also include the cost of hiring third party actuaries and auditors required to assess Plan proposals or Plan functions on behalf of the institution.

Institution Specific Voluntary Insurance Plan or Plan - insurance coverage offered by a U. T. System institution for coverage that is not available under the UGIP and is available only to individuals employed by that institution. For purposes of this policy, each type of coverage offered by an institution is considered a separate “Plan” even if all of the coverages are provided by the same insurance carrier. Any such coverage must be procured, funded, and provided separately and apart from the coverage provided by the UGIP.

Risk - exposure to liability or potential liability due to failure to comply with duties imposed by applicable State or federal laws, regulations, and/or Systemwide and internal policies.

Uniform Group Insurance Program or UGIP - all group insurance, health benefit programs, and cafeteria plans that U. T. System is required by *Texas Insurance Code*, Chapter 1601 and Regents' *Rules and Regulations,* Rule 30202 to offer to all eligible U. T. System employees, retired employees, and their eligible dependants.

4. Relevant Federal and State Statutes

Texas Insurance Code, Chapter 1601 - Uniform Insurance Benefits for Employees of The University of Texas System and the Texas A&M University System

5. Relevant System Policies, Procedures, and Forms

Regents' Rule 20102

Regents' Rule 30202

6. System Administration Office(s) Responsible for Policy

Office of Business Affairs

7. Dates Approved or Amended

June 2, 2011