

Office of Employee Benefits Administrative Manual 	WAITING PERIOD FOR GROUP INSURANCE BENEFITS	141
	INITIAL EFFECTIVE DATE: SEPTEMBER 1, 2003	
	LATEST REVISION DATE: SEPTEMBER 1, 2014	
	PURPOSE: To provide guidance for U.T. institutions in applying the waiting period requirement for eligibility for enrollment in group insurance benefits	
	SCOPE: Newly benefits-eligible Employees and Retired Employees of The University of Texas System enrolling in the Employee Group Insurance Program	
	STATUTORY AND ADMINISTRATIVE REFERENCES: Texas Insurance Code, Chapter 1601 Patient Protection and Affordable Care Act	

1.0 BACKGROUND

Chapter 1601.1045, Texas Insurance Code 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 1601.1045(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.

In February 2014, the federal government issued regulations for the Patient Protection and Affordable Care Act (PPACA) concerning the maximum waiting period for enrollment in Program coverage. In compliance with these regulations, effective September 1, 2014, a new benefits-eligible Employee's eligibility for the Program Basic Coverage Package will begin no later than the first of the month following the 60th day after the date the Employee begins to perform services for the System. However, eligibility for state Premium Sharing will continue to be the first of the month following the 90th day after the date the Employee begins to perform services for the System.

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 have the option to:

- (1) Require all Employees to wait the full waiting period prior to eligibility for the Basic Coverage Package for all Employees who are newly hired for a Benefits-Eligible position and all Retired Employees who retire with a break in coverage between the last day of employment and the effective date of retirement; or
- (2) Eliminate or reduce the waiting period for newly Benefits Eligible Employees from institutional funds during the waiting period.

2.2 An institution may eliminate or reduce the waiting period by funding the premium for all coverages for all newly Benefits Eligible Employees. An institution that elects to reduce all or a portion of the waiting period must eliminate the same portion of the waiting period for all of its newly 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.

Important: Newly Benefits Eligible Employees include individuals who are new hires as well as Employees who previously worked in a position that was not Benefits Eligible but were hired or reclassified to a Benefits Eligible position.

3.0 BENEFIT ELIGIBILITY

3.1 Newly Benefits Eligible Employee

3.1.1 Institutions With a Waiting Period

Unless the employing institution has elected to pay the employer portion of its Employee's 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) on the first of the month following the 60th day after the Employee begins employment in a benefits-eligible position. The Employee becomes eligible for Premium Sharing on the first day of the calendar month that begins after the 90th day on which the Employee begins employment, or in the case of an institution that elects to eliminate only a portion of the waiting period, the first day of the calendar month following the lapse of the portion of the waiting period that was not eliminated by the institution.

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 on November 1 and becomes eligible for Premium Sharing on December 1.

Example 2: A person begins work on September 1 in a Benefits Eligible part-time position. The new part-time Employee waives the Basic Coverage package (medical and basic life and AD&D) and elects 50% Premium Sharing to enroll in the vision plan with family coverage. Effective January 1, this individual moves to a full-time position. There is no waiting period because the Employee experienced a waiting period at the time of original employment.

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

The Affordable Care Act does not apply to Retired Employees.

An Employee enrolled in the UT Uniform Group Insurance Program (Program), who applies for group retirement insurance upon retirement from the System, will become eligible to participate in Program coverage as a Retired Employee and receive the state Premium Sharing on the day the retirement takes effect.

An Employee who terminates employment without retiring and later applies for retirement benefits will not be eligible to participate in UT SELECT Health 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. There is no waiting period for enrollment in optional coverages which are paid in full by the Retired Employee.

Example 3: An active UT 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 4: An Employee was employed in a benefits-eligible position at a UT institution on 8/31/03 and terminated employment in 2010 with more than 5 years of service at the age of 50. He reaches age 55 on his birth date on January 15, 2015, retires from TRS and is eligible to enroll in UT group insurance as a Retired Employee effective February 1, 2015. Because there was a break between the last month in which he was employed and the date of his retirement, he will not be eligible for UT SELECT health coverage until May 1, 2015. Since he was employed at a UT institution on 8/31/03, his eligibility for UT retirement insurance is described at Policy 220, Section 2.2.1 of this manual.

3.3 Enrollment or Re-Enrollment Following a Break in Coverage

3.3.1 Break in Coverage

For purposes of this Policy, a Break in Coverage means a gap in Program coverage. It does not include a change in coverage due to a change in eligibility as long as there is no gap in the two coverage periods. For example, an Employee who terminates employment is generally eligible to retain coverage through the last day of the month in which the employment terminates. If the Employee enrolls in COBRA coverage that takes effect the first day of the following month, there is no break in coverage.

An Employee who applies to enroll or re-enroll after a Break in Coverage is subject to the waiting period requirement.

3.3.2 Former Employee Enrolls in COBRA

An Employee who terminates employment, continues in Program coverage as a COBRA participant, and subsequently either is re-employed in a Benefits Eligible position at a UT institution or retires from TRS or ORP and enrolls in Program coverage without a break in coverage is not subject to the waiting period requirement.

3.3.3 Employee Transfers to A U.T. Institution

3.3.3.1 An Employee who transfers, without a break in coverage, from a Benefits Eligible position at one System institution to another System institution that has not eliminated the waiting period is not subject to a new waiting period imposed by the institution to which the Employee has transferred.

3.3.3.2 An Employee who transfers, without a break in coverage, from a Benefits Eligible position at a state agency (e.g., Texas A&M, agencies/institutions under the Employees Retirement System of Texas to a Benefits Eligible position at a System institution that has not eliminated the waiting period is not subject to a waiting period imposed by the institution to which the Employee has transferred.

3.3.4 Graduate Teaching Assistants with Summer Break in Coverage

A Graduate Teaching Assistant, who has Program coverage during the Spring semester, does not teach or have coverage during the Summer months but has an appointment to teach beginning the subsequent Fall semester, may reenroll in Program coverage for the Fall semester and is not subject to a new waiting period.

3.3 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 returns to employment at System and re-enrolls in the Program coverage in accordance with Policy 320, is not 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 or reduce 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 eliminate a waiting period by offering to pay the employer portion of the premium.