

Office of Employee Benefits Administrative Manual 	FUNDING FOR GROUP INSURANCE COVERAGE	140
	INITIAL EFFECTIVE DATE: SEPTEMBER 1, 2005	
	LATEST REVISION DATE: September 2020	
	PURPOSE: To provide guidance in determining eligibility for the employer contribution to pay for group insurance premiums	
	SCOPE: Employees and Retired Employees of The University of Texas System	
	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.	

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.

Please note, this policy outlines currently applicable information. Premium sharing and out-of-pocket premium amounts and percentages are subject to change based on decisions made by the Texas legislature.

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 \$40,000 and basic Accidental Death and Dismemberment (AD&D) of \$40,000. The Basic Coverage Package for Retired Employees is the self-funded UT SELECT medical plan plus basic GTL of \$6,000. 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:
 - expected 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:
 - employed to work at least 20 hours a week for a period of at least 4 ½ months.
- Postdoctoral Fellows who are employed in a Benefits Eligible position.
- 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 3.4 of this Policy for more information about LWOP and FMLA).
- Non-employee Postdoctoral Fellows who are not employed in a Benefits Eligible position but who are eligible for Program benefits under Texas Insurance Code Section 1601.1021 are not eligible for Premium Sharing. See Policy 211 for more information.
- Non-employee Qualifying Graduate Students with a combined fellowship total of at least \$10,000 per year who are eligible for Program benefits under Texas Insurance Code Section 1601.1021 are not eligible for Premium Sharing. See Policy 211 for more information.
- 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 UT System or another state group insurance plan and who are receiving Premium Sharing to cover the cost of their retirement coverage.

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 for Basic Coverage

3.2.1 Full-Time Active Employees and All Retired Employees

Benefits Eligible 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.

3.2.1.1 Exception for Certain Nurse Employees

Texas Education Code 51.977 permits the president of a System health institution to determine that nurses employed by the unit for patient or clinical activities who work less than 40 hours a week are full-time employees for purposes of the Program. A medical and dental unit that has made such a determination may supplement the cost of the premium cost for basic health care coverage for such nurses and their dependents, as long as the additional monies are allocated from the institution's funds and not from funds appropriated for state Premium Sharing purposes.

3.2.2 Faculty Development Leave of Absence

Texas Education Code Sections 51.101-.107 authorize System institutions to grant faculty development leave to certain 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. Eligibility for such leave is determined by the faculty member's employing institutions. During the leave period, the faculty member is considered to be continuing under his or her current appointment and remains eligible to participate in Premium Sharing.

3.2.3 Part-Time Employees Including Graduate Student Employees

In general, a Benefits Eligible Employee expected by a UT institution to work at least 20 hours but less than 40 hours per week or appointed to work at least 50% but less than 100% of a full-time appointment, 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 from the General Revenue Fund under specific circumstances. See Policy 142 for a complete description of the rules governing Premium Sharing available for these Employees.

3.2.4 Exception for PPACA Compliance

To ensure compliance with the federal Patient Protection and Affordable Care Act a UT institution may, for the limited purpose of premium sharing, designate an employee who is appointed to work at least 30 hours per week as working 40 hours a week. This designation does not affect the appointed working hours or the compensation of the employee.

3.3 Premium Sharing If Not Enrolled in UT Group Insurance Medical Coverage

3.3.1 Full-Time Active Employees and Retired Employees

A Full-time Benefits Eligible Employee (expected by an institution to work 40 or more hours a week or appointed to a full-time appointment, 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 medical 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 partial Premium Sharing for optional coverages, must submit proof of other group health insurance to their employing institution.

3.3.2 Part-Time Employees Including Graduate Student Employees

A Benefits 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 3.2.3, 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 3.3.3 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 Use of Premium Sharing for Eligible Optional Insurance Coverages by Benefits Eligible Employees and Retired Employees Who Have Waived Basic Coverage

The following Optional Insurance Coverages are eligible for Premium Sharing if the Employee/Retired Employee has waived enrollment in the Basic Coverage Package and provides satisfactory proof of other comparable health insurance coverage:

- Dental - Employee/Retired Employee and Dependent coverage
- Vision - Employee/Retired Employee and Dependent coverage
- Voluntary Accidental Death and Dismemberment (AD&D) – Employee and Dependent Only coverage

Important: The amount available for premium sharing shall never exceed more than 50% of the amount of premium sharing the Employee would normally receive for Basic Coverage.

3.4 Benefits Eligible Leave Without Pay (LWOP) Status

Employee eligibility for coverage while on Leave Without Pay (LWOP) and leave that qualifies under the Family Medical leave Act (FMLA) 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 basic plan rule is that Employees on LWOP, but not FMLA, are not eligible for premium sharing while on such leave, but Employees on LWOP that also qualifies as FMLA leave are eligible for Premium Sharing.

3.4.1 Employee on Regular Leave Without Pay

An Employee on LWOP that does not also qualify as FMLA leave loses eligibility for premium sharing beginning with the first day of the month following the month in which the Employee was first placed on such leave.

3.4.1.1 To retain coverage while on LWOP, the Employee must, prior to commencement of the LWOP, pay the full premium for the Employee and any Dependent coverage. Such payment must be on a post-tax basis.

3.4.1.2 Employees who do not pay the full cost of coverage for each month that the Employee is on LWOP will lose all coverage until they return to leave with pay.

3.4.1.3 Employees have the option, prior to beginning LWOP, to have their coverages held in abeyance. Such coverage will be suspended until the Employee returns to work. An Employee who makes a timely request to hold Program coverage in abeyance may reinstate the same coverage upon return without having to meet any Evidence of Insurability (EOI) requirements. However, the Employee may not add or change or drop any coverage previously placed in abeyance.

3.4.1.4 For an Employee on LWOP who fails to have coverage held in abeyance and loses the coverage because of non-payment, the leave will be treated as a break in coverage. The Employee may be required to satisfy all applicable EOI requirements in order to reinstate certain coverages. However, any waiting period normally applicable to newly Benefits Eligible Employees will not apply. For EOI requirements, see Policy 270.

3.4.2 Employee on Both Leave Without Pay and FMLA Leave

An Employee on LWOP due to FMLA leave remains eligible for Premium Sharing regardless of the length of the leave. Such an Employee may elect to continue any coverage for which they receive 100% Premium Sharing. However, in order to retain any coverages for which the Employee is responsible for payment of part or all of the premium, the Employee can continue such coverage while on LWOP due to FMLA leave only if they make arrangements prior to the leave to pay the required out of pocket premium portion for all coverages:

- (a) with after-tax dollars while on leave; or
- (b) with pre-tax dollars out of pre-leave or post-leave compensation.

Employees are encouraged to place in abeyance any coverage for which they do not arrange for the payment of premium owed while they are on LWOP due to FMLA leave.

If the Employee's coverages are terminated while on FMLA leave due to non-payment of premium, the Employee may re-enroll in such coverage upon return from 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 the first day of the month following the date on which the FMLA leave was exhausted.

3.5 Retired Employee Out-of-Pocket Premiums

Benefits-eligible Retired Employees are responsible for making timely payment of out-of-pocket premiums for all elected voluntary coverage. Monthly out-of-pocket premiums may be paid by any of the available options (may vary by institution). Common payment methods include automatic TRS annuity deduction, ACH payments, or via check.

3.5.1 Nonpayment of Premiums

The Retired Employee must make timely payment of the required out-of-pocket premium in order to retain all such coverage. If a Retired Employee fails to make timely payment, all voluntary coverage will be terminated effective the last day of the month for which out-of-pocket premiums were fully paid.

A Retired Employee remains eligible for Premium Sharing regardless of whether timely payment is made for out-of-pocket premiums the Retired Employee owes for voluntary coverage; therefore, the Basic Coverage will remain active for Retired Employees enrolled in this coverage.

3.5.2 Eligibility for Voluntary Coverage Following Termination Due to Nonpayment

A Retired Employee whose coverage is terminated due to nonpayment will be ineligible to enroll in any voluntary coverage in the Program until the nonpayment of premium status has been cleared. A Retired Employee may clear nonpayment status only by making payment for the total amount of out-of-pocket premiums that would have been owed had the originally elected voluntary coverage remained active for the remainder of the plan year in which it was terminated due to nonpayment.

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. Coverage effective dates for a new Employee and their eligible Dependents must be consistent for each coverage type (i.e. the initial effective date for medical coverage must be the same for all covered family members).

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

4.2 Retired Employees

Newly Retired Employees are 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. 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, coverage and 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 first 31 days 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.

For Dependents of a newly Benefits Eligible Employee or Retired Employee, the effective date is the same as for the newly eligible Employee or Retired Employee. Any waiting period applicable to the Employee or Retired Employee also applies to the Dependent. 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 Dependent during Annual Enrollment, the effective date is September 1. If the change is due to a qualified status change event, the effective date may be either the date of the qualifying Change of Status event or the first of the month following the event. For more information about the effective dates for Change of Status events, see Policy 310 of this Administrative Manual.

5.0 DUAL STATE PREMIUM SHARING PROHIBITED

Texas statutes prohibit a person from being enrolled in and receiving state Premium Sharing for coverage under more than one state agency. Individuals identified as receiving more than one source of state Premium Sharing for insurance coverage will be given the opportunity to decline one of the state plans based on certain guidelines. Otherwise, one of the agencies will terminate coverage for that person.

If a Benefits Eligible Employee or Retired Employee, or any of their Dependents, are receiving Premium Sharing for enrollment in more than one medical plan offered by the UT System, the Texas A&M System or the Employees Retirement System of Texas (ERS), the UT institution Benefits Office should contact the other agency to terminate coverage with one of the agencies.

Example: An Employee works full-time in a Benefits Eligible position at a UT institution, and marries an individual who works part-time in a Benefits Eligible position also at a UT institution. If the Employee wants to enroll the spouse as a dependent on her medical coverage and the spouse also remains as an Employee on his own UT coverage, the spouse cannot receive Premium Sharing for both coverages. He would either have to decline coverage for one of the coverages elected or pay full premium for one of the coverages. In addition, such a spouse cannot waive basic medical coverage and receive one half of her premium that would ordinarily be paid to his basic coverage for payment of premium for optional coverages.

Important: An individual who has retired under the Teacher's Retirement System of Texas (TRS) is not eligible to participate in any UT Program coverage as an Employee, with the exception of a TRS retiree who is employed in a position that requires the individual to be a graduate student as a condition of employment (See Section 2.0 of Eligibility for UT Group Insurance, Policy 210). In the event that a TRS retiree who is a participant in the TRS UGIP is employed in a graduate student position that is benefits eligible, the employee should be informed that TRS does not currently provide open enrollment to allow former TRS Care participants to reinstate coverage they have previously dropped.

NOTE: A UT System institution that employs an individual who retired from TRS after Sept. 1, 2005 for more than half-time employment is required to pay surcharges to TRS for that Return to Work Retiree.