

31.02.02 Group Insurance Programs

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Regulation Statement

This regulation provides general guidance to all Members of The Texas A&M University System for administration of the group insurance programs with respect to enrollment and state contribution eligibility.

Reason for Regulation

This regulation will ensure the System Members are administering group insurance programs uniformly.

Procedures and Responsibilities

1. GENERAL

In System Policy *31.02, Employee Insurance and Retirement Benefits*, the Board of Regents (Board) delegates authority to the Chancellor to administer group insurance programs for System employees and to establish procedures in accordance with state law.

2. GROUP INSURANCE PLANS

- 2.1 The System maintains a self-insured health plan that complies with the basic coverage standards of Chapter 1601, Texas Insurance Code. The System may also offer HMOs and other health care delivery programs.
- 2.2 As required by state law, the System includes Basic Life insurance with each health benefits plan. An employee who does not enroll in a System health plan may elect to buy Basic Life insurance separately.
- 2.3 The System offers optional dental, vision, accidental death and dismemberment (AD&D), long-term care (LTC) and life insurance, which employees and retirees may elect to purchase. The System offers optional long-term disability coverage, which employees may elect to purchase. Employees and retirees may elect to purchase health, dental, vision, AD&D, LTC and life insurance for their dependents.

- 2.4 The contract between the System and each carrier (or the plan document when a contract does not exist) that is in effect at the time a service is rendered or a covered event occurs determines the plan's benefits.

3. PREMIUMS AND STATE CONTRIBUTION

- 3.1 State law authorizes the System to contribute to the group health premiums of each benefits-eligible employee and retiree. The System's contribution for each employee is based on the employee's health plan premium category and whether the employee works full-time or part-time. The System's contribution for a retiree is based on the retiree's health plan premium category. See System Policy 31.02 and Chapter 1601, Texas Insurance Code, for more information on eligibility for insurance benefits and the state contribution.
- 3.2 State law determines the date on which employees and retirees become eligible to receive the state contribution. This is called the "state contribution eligibility date." If a System Member chooses to fund all or part of the state contribution from non-appropriated funds prior to the eligibility date, it must do so for all new employees subject to the wait period. The amount of supplement must be consistent for all types of employees but may be tiered based on the category of health coverage elected (employee only, employee and spouse, employee and family, employee and child).
- 3.3 An employee or retiree pays all insurance benefit costs not covered by the state contribution and/or any supplement provided by the System Member. Each employee may receive a state contribution from only one state agency or institution. An employee's share is paid through payroll deduction. A retiree's share is typically paid by bank draft or the retiree is billed.
- 3.4 In the following situations, an employee is eligible to receive the state contribution and continue insurance coverage:
- 1) When an employee transfers temporarily to wages before separating from employment to provide a training period for a replacement;
 - 2) When an employee is on a paid leave;
 - 3) When an employee is on an unpaid leave of less than a full calendar month;
 - 4) When an employee is on a Family and Medical Leave Act leave with or without pay;
or
 - 5) During the months an employee does not work if the employee is scheduled to work less than 12 months, was a regular employee during the semester immediately preceding the time off and is expected to continue employment in the following fiscal year.
- 3.5 In the following situations, an employee is not eligible to receive the state contribution:
- 1) When an employee's employment is reduced to less than 50% effort;

- 2) When an employee is on an unpaid leave for a full calendar month or longer, unless the leave is part of the employee's Family and Medical Leave Act leave entitlement;
 - 3) During the months an employee does not work if the employee is scheduled to work less than 12 months and has resigned, been terminated, or for any other reason is not expected to continue employment in the following fiscal year; or
 - 4) When an employee's employment ends, unless the employee is eligible to receive retiree coverage.
- 3.6 In the following situations, an individual can continue coverage although he or she will not receive the state contribution:
- 1) If an employee was enrolled in a System insurance plan for 4-1/2 months or more as a budgeted employee before reducing effort to less than 50% time, he or she may continue that coverage by paying the full cost;
 - 2) An employee may continue coverage by paying the full cost while on leave without pay; or
 - 3) The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) allows certain employees, former employees and dependents to continue health, dental, vision and health care spending account participation for a limited time after it would otherwise end by paying the full cost.
- 3.7 Application of Contribution
- 3.7.1 The state contribution will be applied to payment of health insurance premiums, which includes Basic Life insurance premiums.
 - 3.7.2 If an employee's or retiree's health insurance premium is less than the maximum state contribution, the additional amount may not be used to pay other group insurance premiums.
 - 3.7.3 If an employee or retiree waives health insurance through the System and indicates that he or she has other health insurance coverage, half of the employee-only state contribution may be applied toward optional insurance premiums. The state contribution may not be used to pay Optional Life, Dependent Life or Long-Term Care premiums.
- 3.8 An employee paid from (or retiree who was paid from) non-general revenue, a grant and/or a contract is eligible to receive a group insurance contribution. The same proportion of funds used to pay the employee's salary is used to pay the contribution. If a retiree's former funding source is no longer available, the retiree's contribution may be paid from general revenue funds.

4. ENROLLMENT

- 4.1 The System Member human resources office must provide benefits orientation to a new employee and permit the employee to enroll on or before the employee's first

day of work. A new employee or newly retired employee will have 60 calendar days from the date of hire or retirement to make benefit elections.

- 4.2 An employee who does not waive coverage or choose a health plan by the end of his or her 60-day enrollment period or state contribution eligibility date, whichever is earlier, will be enrolled in the basic plan on the state contribution eligibility date.

5. PERSONNEL ACTIONS

- 5.1 Personnel actions that affect benefit eligibility must be completed and processed in a timely and correct manner.
- 5.2 If an initial appointment in a non-budgeted position is for less than 4-1/2 months, the comments section of the Form 500 must state that employment either is or is not anticipated to continue beyond 4-1/2 months. If the department head anticipates that a reappointment added to the initial appointment would make the individual benefits-eligible and other conditions of eligibility are met, benefits eligibility begins with the initial appointment.

Related Statutes, Policies, or Requirements

Texas Insurance Code, Chapter 1601

<http://tlo2.tlc.state.tx.us/statutes/docs/IN/content/htm/in.008.00.001601.00.htm>

The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA)

<http://www.dol.gov/dol/topic/health-plans/cobra.htm>

System Policy 31.02, *Employee Insurance and Retirement Benefits*

<http://tamus.edu/offices/policy/policies/pdf/31-02.pdf>

Contact Office

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