

EMPLOYEE GROUP INSURANCE PROGRAMS POLICY

Reviewed and approved by University Council on October 8, 2009

1. PURPOSE

As a state agency, UHCL provides a number of standard benefits for eligible employees. This policy describes the group insurance options available to eligible employees.

2. DEFINITIONS

2.1 AD&D - Accidental death and dismemberment insurance.

2.2 Basic insurance coverage -The basic plan coverage currently includes coverage for the employee only as follows: Health Select medical, administered by Blue Cross Blue Shield, \$5,000 term life, and \$5,000 accidental death/dismemberment at no premium cost to the employee. Basic coverage does not include coverage for dependents.

2.3 Benefits-eligible employee -A benefits-eligible employee is one employed to work at least 50% FTE for a period of at least 4.5 continuous months, or a full semester of more than four months, excluding students employed in positions that require student status as a condition of employment.

2.4 Dependent -An eligible dependent includes the following: .

2.4.1 Spouse of the employee (including common-law spouse)

2.4.2 Unmarried children of the employee under 25 years of age including: natural child; legally adopted child; stepchild whose primary place of residence is the employee's household; foster child whose primary residence is the employee's household and who is not covered by another governmental health program; child whose primary place of residence is the household of which the employee is head and to whom the employee is the legal guardian; child for whom the employee must provide medical support as required by a valid court order; child who is considered a dependent of the employee for federal income tax purposes and who is a child of the employees child; or a child who is mentally or physically incapacitated, regardless of age, under the guidelines available through the Office of Human Resources.

2.5 Evidence of insurability -(EOI) -Proof of good health that may be required when an eligible employee requests changes of coverage or adds dependents. This could include medical records and a physician's statement.

2.6 Optional insurance coverage -Insurance coverage in other than the basic plan coverage for employees only; including dependent coverage, long- and short-term disability insurance coverage, etc. Optional medical coverage may require a portion of the premium cost beyond the state's contribution to be deducted from the employee's pay. Optional employee life, dependent life, short- and long-term disability, AD&D, and dental coverage premiums are deducted from the employee's pay.

2.7 Pay option -A selection available to benefits-eligible faculty members; a faculty member may elect to be paid the annual salary in 9 installments or in 12 monthly installments. Thus, a faculty member on a 9-month appointment may elect to have the 9-month salary paid out in 12 monthly installments.

2.8 Premium sharing contribution -The portion of the insurance premium paid by the state; an amount determined by the state legislature and contributed by the state (or employing funding source for non-state funded positions) toward the insurance premium cost for each eligible employee's selected medical insurance option.

2.9 Qualifying event -A significant event that changes an eligible employee's insurance needs. Such circumstances as the birth of the employee's child, the employee's marriage or divorce, the exclusion of the employee's spouse from the spouse's previous group insurance coverage, are qualifying events. An eligible employee has 30 days from the date of any qualifying event to request a change in insurance coverage.

3. POLICY

3.1 Program standards and consistency. Standard employee benefits programs are developed and administered in accordance with the rules and regulations of the Texas Higher Education Coordinating Board and other applicable state and federal laws and regulations. Group insurance programs for eligible employees are consistent throughout the UH System.

3.2 Eligibility for coverage. All regular, benefits-eligible employees are eligible to receive coverage for themselves and eligible family members in the group insurance program under the Group Benefits Program (GBP), administered through the Employee Retirement System (ERS). The program provides coverage for basic and optional health and life/AD&D benefits, as well as optional dental, long and short-term disability, pre-tax premiums, and pre-tax reimbursement accounts for health care and dependent care.

3.3 Automatic enrollment in basic plan. Eligible employees, excluding graduate assistants, are automatically enrolled in basic plan coverage for themselves only with the coverage beginning the first day of the month following the 90th day of employment at no cost to the employee. The state premium sharing contribution is applied and pays the premium cost for such basic Insurance coverage.

3.4 Optional coverage requested during the first 30 days of employment. An employee may elect optional coverage to become effective on the first day of employment by completing and submitting the enrollment forms to the UHCL Office of Human Resources on or before the first day of employment. Otherwise, the employee may submit completed forms for optional coverage to become effective on the first day of the following month.

3.5 Optional coverage requested after 30 days of employment. Insurance coverage requested by submission of completed forms for enrollment in optional coverage after the first 30 days of employment will be subject to approval by the insurance company through the evidence of insurability process, and cannot become effective until approval is granted by the insurance company.

3.6 Pre-tax premium payment. Health, dental and optional life premiums are automatically paid by the employee on a pre-tax basis.

3.7 Reimbursement accounts. An eligible employee may enroll in a health care reimbursement account. Such an account allows the employee to deduct money from salary and put the money into an account to pay medical expenses that are not covered by insurance programs for the current fiscal year. The employee, therefore, reduces taxable income for the year. When a medical expense is incurred, the employee files a claim to be reimbursed

from the account. Any money not used by the end of the fiscal year is forfeited. An employee must be employed for 6 continuous months before being eligible to enroll in a health care reimbursement account. If employment terminates during the plan year, the employee or estate must take the balance of payments due into the health care account.

3.8 State premium sharing contributions. The state contributes group insurance credit toward the payment of group medical insurance premiums for each approved state medical plan. Information on the amount of state credit per plan may be obtained from the Office of Human Resources. The amount of the premium sharing contribution is determined by the state legislature.

3.9 Twelve month coverage for 9 month faculty. A faculty member on a 9-month pay option or a spring semester appointment of 4.5 months may continue coverage through the summer months by paying summer premiums in April and May, with no premium payments during the months of June, July, and August. A faculty member on a 12-month pay option continues coverage during the summer by premium deductions in June, July, and August.

3.10 Enrollment changes. Employees are allowed to make certain changes to insurance selections during an annual summer enrollment period to become effective on September 1 for the new policy year. Each year employees will receive packets mailed to them individually with information on available changes, new options, and premium changes. Employees are responsible for obtaining the necessary change forms and submitting change requests within the specified time in order to effect such changes on September 1.

Change requests during the year other than during the annual enrollment period are subject to qualifying event guidelines. Information regarding any requested changes may be obtained from the Office of Human Resources.

3.11 COBRA. Under the provisions of Public Law No. 99-272, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), employees and covered dependents who lose health coverage due to a qualifying event (listed below) may continue their group health and dental coverages.

3.11.1 Employee qualifying events. Employees may continue health and dental coverage for up to 18 months when one of the following events occurs:

- a. Termination of employment for reasons other than "gross misconduct" (as determined by UHS).
- b. Loss of group insurance eligibility due to reduction of FTE.

An additional 11 months (for a total of 29 months) is available if the Social Security Administration certifies that the employee or a covered dependent was disabled on the date of the employee's qualifying event, provided ERS is notified before the end of the original 18 month period.

3.11.2 Dependent qualifying events. Dependents may continue health and dental coverage for up to 36 months when one of the following qualifying events occurs:

- a. Death of the employee covering the dependent;
- b. Divorce (or dependent is dropped in anticipation of a divorce); or
- c. loss of group insurance eligibility as a dependent (such as, child marries, child turns age 25, or other than natural or adopted child moves out of employee's household).

3.12 Retirement. Employees who retire with at least the required years of creditable service may continue coverage in the group insurance program, and continue to receive the state credit toward premium payment. Upon notification, ERS will communicate with the retiree regarding any additional premium charges required from the retiree for optional insurance coverage. Service requirements are subject to periodic change. Employees contemplating retirement should consult the Office of Human Resources to determine eligibility.

3.143 Termination. Employees who terminate and who do not retire may elect to convert their health, dental, and life insurance coverage from the group to an individual plan. The terminated employee is then responsible for paying the premium assessed by the insurance company; the individual does not receive the state credit toward premium payment. Information regarding such conversion may be obtained from the insurance company.

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