

## Insurance and Other Benefits

**Original Implementation:** Unpublished

**Last Revision:** January 27, 2015

Employee insurance and benefits include the following: Benefits-eligible employees are offered a basic insurance plan. This plan is fully funded by the state for full-time benefit-eligible employees who are employed 75% FTE or higher and is funded at one-half of the premium for part-time employees working between 50-74% FTE. The basic plan includes hospitalization insurance, \$5,000 term life insurance and \$5,000 accidental death and dismemberment insurance. Enrollment in health insurance coverage may be subject to a 60-day waiting period for employees hired on or after September 1, 2013. The 60-day health coverage waiting period does not apply to:

- Employees enrolled in COBRA health coverage under the Texas Employee's Group Benefit Program at the time they are hired, if there is no break in coverage.
- Enrollment in the optional coverage during the first 30 days of employment, including Tex Flex accounts.
- Direct transfers from one agency to another (employees rehired without a break in coverage), including direct transfers from University of Texas or Texas A&M University system campuses, if there is no break in coverage.
- An employee who has health insurance as a dependent of another Group Benefit Plan member when hired.

Each employee must elect to enroll or waive this plan within the first 31 days of employment. If a Multipurpose Form is not completed, the full-time benefit-eligible employee will be enrolled in the basic plan, and may be subject to the 60-day waiting period. Part-time employees and graduate assistants are not eligible for automatic enrollment. These employees must complete the Multipurpose Form within thirty-one (31) days of the first active duty date.

An employee does not have to participate in the basic plan to apply for optional coverage(s). There is no waiting period for optional coverage.

### Group Hospitalization Insurance

A major medical health/hospitalization plan is provided, based on residency or work zip code, and/or a choice of HMO (when available). Employees may select from the following hospitalization categories:

### Coverage Category

Employee  
Employee & Child/Children  
Employee & Spouse  
Employee & Family

Details on coverage and rates are available from the benefits office in human resources (HR) or at the web site: <http://www.ers.state.tx.us/>.

Application for coverage for employees and their dependents must be made in the first 31 days of employment. Employees may change their health coverage selection at any time during the 60-day waiting period.

Continuation of coverage upon termination of employment is allowed by federal law with specific limitations. All separating employees will be informed of their right to continue coverage during their exit interview in human resources. COBRA forms will be mailed by the Employee Retirement System of Texas to the home address of the terminating employee and/or covered dependents for completion. Covered dependents also are eligible for continued coverage following certain qualifying events such as divorce, death of the employee, attainment of maximum age of coverage for children, etc. An employee or the covered dependent must notify the benefits office within thirty (30) days of the qualifying event date. Questions concerning procedure and benefits should be directed to the benefits office in human resources.

### Group Term Life Insurance

Optional Term Life Insurance. Coverage of up to twice the annual salary may be selected without evidence of insurability within thirty-one (31) days of employment. Evidence of insurability must be provided for Election III or Election IV, or for any election beyond thirty-one (31) days.

### Coverage Amount:

Election I - 1 times annual salary  
Election II - 2 times annual salary  
Election III - 3 times annual salary  
Election IV - 4 times annual salary

Coverage is reduced at age 70 for active employees based on the carrier's standard reduction schedule. The monthly premium cost is based on age and salary on September 1 of the current fiscal year.

Dependent Life Insurance. Coverage is available to all employees insured under the Texas Employee's Group Benefit Program. Coverage includes the spouse of the employee and each unmarried child from the date of birth to 26 years in the amount of \$5,000 life and \$5,000

AD&D. Application for coverage must be made within thirty-one (31) days from the date of employment, or dependent's eligibility date; otherwise evidence of insurability is required.

Long-Term Disability

Long-term disability insurance is available to benefits-eligible employees. This benefit will pay 60 percent of the employee's monthly salary (maximum salary \$10,000) after a 90-day waiting period in the event the employee is disabled because of injury or illness. The monthly benefit will be integrated with Workers Compensation, Social Security Disability, Teacher Retirement Disability, and/or any disability benefit. Maximum benefit, if integration is used, is 70 percent of insured monthly salary. Minimum benefit, if integration is used, is 10 percent of monthly salary for one year. The following age and time limits apply:

Age When Disability Starts	Maximum Duration of Benefits
Under age 60	Age 65
Age 60, but less than age 64	60 months
Age 65 - 69	Age 70
Age 70 and older	12 months

Short-Term Disability

Short-term disability is available to benefits-eligible employees. This benefit will pay 66 percent of the employee's monthly salary (maximum salary \$10,000) after a thirty (30) day waiting period, for up to five months in the event the employee is disabled because of injury or illness. The monthly premium cost is based on the current rate per \$100 of monthly salary. Application for this coverage must be made within thirty-one (31) days of employment; otherwise evidence of insurability is required during summer enrollment.

Accidental Death and Dismemberment Benefits

Benefits eligible employees have the option of participating in the AD&D program. This coverage is available starting at \$10,000 in increments of \$5,000 up to \$200,000. After age 70, minimums and maximums are reduced. Double coverage of dependent children will be allowed, if both parents are Group Benefit Plan participants. The monthly premium is based on current rate per \$1,000 of coverage. Application for this coverage must be made within thirty-one (31) days of employment or could be added during the summer enrollment period.

Dental Insurance

Benefits-eligible employees may elect to participate in either of the two group dental insurance programs or one post-tax dental discount plan. If application for coverage is not made within thirty-one (31) days of employment, dental plan benefits cannot be acquired until the beginning of the next plan year and enrollment forms must be completed during the summer enrollment period.

### Long Term Care

A long term care plan was offered by Employees Retirement System of Texas to active employees and their families through John Hancock Insurance. John Hancock stopped accepting new enrollment into this insurance January 1, 2012. If an employee has this coverage, it will continue and their policy number will not change as long as the employee continues to make payments. John Hancock will be the direct contact for any questions about that coverage. Employees can contact a representative toll-free at (800) 400-9396.

### Retiree Insurance Coverage

University employees may continue their health insurance coverage providing they have 10 or more years of creditable service, have been covered under the Texas Employee's Group Benefit Program, for at least three years prior to September 1, 2001, or 10 years, after September 1, 2001, and meet the criteria for retirement benefits. Beginning September 1, 2003, the qualification for retiree insurance is age 65, or age plus years of service equals 80. Those who become totally disabled are entitled to participate in retiree insurance coverage. The state will continue to fund the amount funded prior to retirement toward retiree and dependent coverage. A thirty-one (31) day enrollment period is provided for persons retiring or qualifying for retiree insurance coverage. If employed at the time of retirement, and eligible for insurance benefits, there will be no waiting period for enrollment in the health plan. However, if the retiring member is not in an active status at the time of reaching eligibility for retiree insurance, (age 65 or age plus years of service equal to 80), there will be a sixty-day (60) waiting period for participation in the health plan, unless changed by the Texas legislature. Complete information will be made available to all qualified retirees by human resources prior to their date of retirement.

### Social Security

All employees of the university are covered by the Federal Insurance Contribution Act (FICA). Employee contributions are withheld based on federal rules.

### Flexible Benefit Plan

Benefits eligible employees may participate in the Flexible Benefit Plan established in accordance with Section 125 of the Internal Revenue Code. The plan permits employees to pay for certain eligible expenses with pre-tax money. Through this plan, participants are automatically enrolled in Redirection of Insurance Premiums. Allowable insurance premiums will be paid with pre-tax money, with the exception of Short-Term Disability, Long-Term Disability and Dependent Life.

Through this plan, the employee may choose to participate in one or both Reimbursement Accounts:

- Medical Reimbursement Account - The participant may specify an amount of pre-tax money to be deposited in a medical reimbursement account. The participant can then apply for reimbursement when certain allowable out-of-pocket health care expenses are incurred.

- Dependent Care Reimbursement Account - The participant may specify an amount of pre-tax money to be deposited in a dependent care reimbursement account. The participant can then apply for reimbursement when dependent care expenses are incurred.

Tax savings may be realized through the Flexible Benefit Plan. However, several restrictions are important to keep in mind when enrolling in one or both of the reimbursement accounts.

- Amounts designated to be tax sheltered cannot be changed during a plan year unless there is a change in family status. Forms must be completed within thirty (30) days of the qualifying life event; otherwise no changes may be made until the next summer enrollment period.
- Reimbursement accounts are on a use-it-or-lose-it basis. During a plan year, expenses should be incurred for all tax-sheltered money because any amount not reimbursed to the participant reverts to the insurer.

Eligible employees may enroll at the time of employment or during the summer enrollment period prior to the next plan year. To continue to participate, employees may make changes or stop participating each year during the summer enrollment period.

#### State Deferred Compensation Plan/TEXAS\$AVER

This plan is available to all employees and allows employees to allocate a specified amount of their earnings to a tax-sheltered plan purchased by the state of Texas. Employees interested in learning more about this plan should contact the benefits office in human resources or the web site at <http://www.ers.state.tx.us/>.

#### Tax Sheltered Annuities

All faculty and staff members are eligible to purchase a supplemental tax sheltered annuity. Individuals electing to participate in the Tax Sheltered Annuity Plan should contact an authorized company for information and request to complete the proper forms. The employee must complete a written agreement authorizing the deduction from their monthly salary.

The authorization initiating a tax sheltered annuity should be executed before the 20th of the month to be effective the next pay period. This agreement will remain in effect until the employee initiates a change of authorization or the maximum amount has been contributed. Changes to the salary reduction authorization are permitted. Employees may change carriers at any time. An employee may terminate an authorized reduction in salary by completing the proper forms in human resources.

Once an annuity contract has been purchased for an employee, any questions concerning the contract's relation to the income tax laws are strictly between the faculty or staff member and the Internal Revenue Service. Information on Tax Sheltered Annuities may be obtained from the benefits office in human resources.

**Cross Reference:** Tex. Const. art. 16, § 67; Tex. Gov't Code Ch. 821-825; Tex. Gov't Code Ch. 606; Tex. Ins. Code Ch. 1131; Tex. Ins. Code art 3.51-5 (not codified); I.R.C. §§ 102, 106; 29 U.S.C. §§ 1101-1191(c)

**Responsible for Implementation:** Vice President for Finance and Administration

**Contact for Revision:** Director of Human Resources

**Forms:** None

**Board Committee Assignment:** Finance and Audit