

## Insurance and Other Benefits

**Original Implementation:** Unpublished

**Last Revision:** April 20, 2021

### Purpose

This policy describes the benefits program available to eligible employees and any requirements for participation.

### General

The Human Resources Department coordinates the employee benefits program. Benefit-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 health 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. The 60-day health coverage waiting period does not apply to:

- Employees enrolled in the Consolidated Omnibus Budget Reconciliation Act (COBRA) health coverage under the Texas Employee's Group Benefit Program at the time they are hired, if there is no break in coverage,
- 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, or
- 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 the health insurance plan within the first 60 days of employment. During the first 31 days of employment, the employee can elect to participate in additional options to the basic health plan. An employee does not have to participate in the basic health plan to apply for optional coverage(s). If no election is made, 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. Part-time employees and graduate assistants who do not make an election during the first 60 days of employment can only enroll in open enrollment periods or based upon a qualifying life event.

### Group Health Insurance Plan

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 health coverage categories:

- Employee,
- Employee & Child/Children,
- Employee & Spouse,
- Employee & Family

Details on coverage and rates are available in Human Resources and on the ERS website at [www.ers.texas.gov](http://www.ers.texas.gov).

Application for coverage for employees and their dependents must be made in the first 60 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 COBRA with specific limitations. All separating employees will be informed of their right to continue coverage during their exit interview in Human Resources. Covered dependents are also 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 Human Resources within thirty (30) days of the qualifying event.

#### High Deductible Health Plan

Employees may elect to participate in a high deductible health plan instead of the basic health insurance plan. The high deductible health plan includes a health savings account (HSA) to which the State of Texas contributes \$45 for employee only coverage and \$90 for employee and any dependents. The employee can elect to contribute additional funds to their HSA.

The deductible is the amount a participant must pay for covered health services and/or prescriptions before the plan begins to pay for anything except preventive services. The annual deductible is based on a calendar year (January through December).

Until the deductible is met, the employee is responsible for the full cost of non-preventive services and prescriptions. Preventive services such as annual check-ups, screenings, and vaccines will be covered at 100% and are not subject to a deductible. Prior to meeting the deductible, employees can utilize funds from their HSA to cover medical expenses.

Once the deductible is met, the plan pays 80% for eligible, in-network costs, and 60% for eligible, out-of-network costs.

#### Group 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 made beyond the first thirty-one (31) days of employment.

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 and every five years thereafter 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 accidental death and dismemberment (AD&D) coverage. Application for coverage must be made within thirty-one (31) days of employment or the dependent's eligibility date; otherwise evidence of insurability is required during summer enrollment or after a qualifying life event.

Long-Term Disability

Long-term disability insurance is available to benefit-eligible employees. The monthly benefit will be integrated with Workers Compensation, Social Security Disability, Teacher Retirement Disability, and/or any disability benefit. Maximum benefit is the lesser of 60% of monthly salary or \$6,000. The minimum amount is not less than 10% of an employee's income, if integration is used. Application for this coverage must be made within thirty-one (31) days of employment; otherwise evidence of insurability is required during summer enrollment or after a qualifying life event.

To receive long-term disability, employees must use their sick leave balance (includes sick leave pool and donated sick leave) or finish a 180-day waiting period, whichever option is longest. In addition, the following age and time limits apply for maximum duration of benefits:

<b>Age When Disability Starts</b>	<b>Maximum Duration of Benefits</b>
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 benefit-eligible employees. After a thirty (30) day waiting period, this benefit pays 66% of the employee's monthly salary or a maximum of \$6,600 for up to

five months in the event the employee is disabled because of injury or illness. Employees must use their sick leave balance (including donated sick leave and sick leave pool) or finish a 30-day waiting period, whichever option is longest. Sick leave use and the waiting period run concurrently. 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 or after a qualifying life event.

#### Accidental Death and Dismemberment Benefits (AD&D)

Benefit-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, minimum and maximum coverages are reduced. 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 added during the summer enrollment period or after a qualifying life event.

#### Dental Insurance

Benefit-eligible employees may elect to participate in either of the two group dental insurance programs or one post-tax dental discount plan. Application for coverage must be made within thirty-one (31) days of employment, otherwise dental plan benefits can be added during the summer enrollment period or after qualifying life event.

#### Vision Insurance

Benefit-eligible employees may elect to participate in a vision insurance program. Application for coverage must be made within thirty-one (31) days of employment, otherwise vision plan benefits can be added during the summer enrollment period or after a qualifying life event.

#### 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 meeting the rule of 80 (age plus years of service equals 80). Employees 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 (30) 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

Benefit-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. Refer to the Human Resources website for restrictions and details. Eligible employees may enroll during their first 31 days 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.

Through this plan, the employee may choose to participate in either a Medical Reimbursement Account or a Limited Flexible Spending Account (for high deductible health plan) and/or a Dependent Care Reimbursement Account:

- Medical Reimbursement Account – If participating in the Group Health Insurance Plan, 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.
- Limited Flexible Spending Account -- If participating in the High Deductible Health Plan, the participant may specify an amount of pre-tax money to be deposited into a limited spending account. The participant can then apply for reimbursement for out-of-pocket expense for eligible vision and dental expenses.
- 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.

### 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 457 plan purchased by the state of Texas. The employee must complete a written agreement authorizing the deduction from their monthly salary.

The authorization initiating a State Deferred Compensation Plan/TEXAS\$AVER should be executed before the 20<sup>th</sup> 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. An employee may terminate an authorized reduction in salary by completing the proper forms in Human Resources.

### 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.

**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 Committee

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