

Office of Employee
Benefits

Administrative
Manual



**HEALTH INSURANCE PREMIUM PAYMENT
(HIPP) REIMBURSEMENT PROGRAM**

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EFFECTIVE DATE: SEPTEMBER 1, 2001

REVISION DATE: MARCH 2003; SEPT. 2008

PURPOSE: To provide guidance in enrolling individuals eligible under the Health Insurance Premium Payment (HIPP) Reimbursement Program

SCOPE: Employees, Retired Employees, and Dependents of The University of Texas System who are eligible for health benefits

STATUTORY AND ADMINISTRATIVE REFERENCES:
Chapter 1207, Texas Insurance Code;
Chapter 62, Texas Health and Safety Code;
Chapter 32, Texas Human Resources Code

1.0 BACKGROUND

The Health Insurance Premium Payment Reimbursement (HIPP) Program provides funds to pay the health insurance premiums for Medicaid-eligible individuals who have, or are eligible for, employer group health insurance coverage and meet the HIPP program requirements. When an individual becomes eligible for Medicaid, the Texas Health and Human Services Commission (HHSC) determines if the individual is eligible for a group health plan either as an employee or retired employee of the group or as a dependent of an employee or retired employee. If HHSC concludes that it is more cost effective for the State of Texas to pay the employee/retired employee's out-of-pocket portion of the employer health plan premium as primary coverage rather than pay the individual's Medicaid claims, the individual will qualify for the HIPP program. If it is more cost effective for the state, the HIPP program will pay the premium for an entire family even if only one member of the family is Medicaid-eligible.

Individuals eligible for Medicaid may be approved by HHSC for the HIPP program at any time during the employer's plan year. Therefore, since an individual may be approved for the HIPP program outside of their employer's annual enrollment period, enrollment in the HIPP program is permitted under state law regardless of an employer's enrollment period restrictions.

Once HHSC determines that an individual is eligible for an employer group health plan and it is cost effective for the state to enroll the individual in the HIPP program, a written notification will be sent to the employer. A separate written notice is also sent to the employee/retired employee.

Upon receipt of the written notice, the employer is required to permit the employee/retired employee and eligible dependent(s) to enroll in the group health plan, if they meet the

employer's eligibility requirements. If the Medicaid recipient is a dependent of an employee/retired employee and is not eligible to enroll in the group health plan unless the employee/retired employee is also enrolled, the employer, upon receipt of the written notice, must allow both the employee/retiree and their Medicaid-eligible dependent the opportunity to enroll in the group health plan.

As previously indicated, an individual must become eligible for Medicaid before being eligible for enrollment in the HIPP program. Following approval for the HIPP program, the individual still remains eligible for Medicaid. However, the employer health plan will become the individual's primary coverage and Medicaid will be the individual's secondary coverage. Therefore, any benefits not paid by the employer health plan may be filed by the medical service provider for reimbursement by Medicaid.

IMPORTANT INFORMATION:

- 1) A child who is eligible for the state Children's Health Insurance Program (CHIP) is not eligible for the HIPP program.
- 2) To be eligible for the CHIP program, the child cannot be eligible for Medicaid.
- 3) To be eligible for the HIPP program, the child must be eligible for Medicaid.
- 4) A child of a University of Texas System Employee or Retired Employee is not eligible for participation in the State Kids Insurance Program (SKIP) which applies to qualified dependent children enrolled in the Employees Retirement System of Texas' group insurance program.

2.0 IMPACT ON THE UNIVERSITY OF TEXAS SYSTEM

The HIPP program applies to all health plans in the Employee Group Insurance Program (Program) offered by The University of Texas System (System).

2.1 Receive Notice from HHSC

When HHSC identifies a Medicaid-eligible individual for potential enrollment in a System group health plan, the System institution identified on the Medicaid application will receive a written notification from HHSC. Also, a separate notice will be mailed to the affected System Employee or Retired Employee. The institution should verify that the individual listed is a current Employee or Retired Employee.

2.2 Contact Eligible Employee/Retired Employee

The notice contains instructions to enroll the Employee/Retired Employee, if not already covered, and any Medicaid-eligible dependents in Self/Family coverage at a certain premium rate. The notice lists the Employee/Retired Employee's out-of-pocket cost for the highest cost health plan at the family level of coverage. However, the Employee/Retired Employee may be eligible to select a lower cost health plan at a different level of coverage.

The institution Benefits Office should inform the affected Employee/Retired Employee that the HHSC notice has been received, verify with the Employee/Retired Employee who their Medicaid-eligible dependents are, and request the Employee/Retired Employee to complete an enrollment form for coverage in a System health plan, as described in Section 3.0.

2.3 If the Employee/Retired Employee Does Not Enroll

The Employee/Retired Employee must complete an enrollment form. If an enrollment form is not completed, the institution Benefits Office should obtain a written declination statement from the Employee/Retired Employee, retain the original, and forward a copy to HHSC.

If the institution Benefits Office is unsuccessful in obtaining a written statement from the Employee/Retired Employee, the Benefits Office should notify HHSC in writing and place a copy in the Employee's/Retired Employee's personnel file.

IMPORTANT: The institution Benefits Office must inform the Employee/Retired Employee of receipt of the HHSC notice. If the Employee/Retired Employee refuses to comply with the HHSC notice, the HHSC has the authority to remove their eligibility for the state Medicaid program.

3.0 GROUP INSURANCE ENROLLMENT OPTIONS

The HHSC notification is considered a qualified Change in Status event. If the affected Employee/Retired Employee and/or dependents are not currently enrolled in a System group health plan, the effective date of the enrollment will be determined as described in this section.

The following describes the health enrollment options for System Employees and Retired Employees when the institution receives notification that an Employee/Retired Employee and/or their dependents are eligible for the HIPP program:

3.1 Employee/Retired Employee is not enrolled in UT SELECT health plan

- a. The Employee/Retired Employee is eligible to enroll himself/herself and his/her eligible dependents in the UT SELECT health plan without EOI, in compliance with state statutes. See Policy 310 (Change in Status) for information about the effective date of coverage.
- b. The HIPP program refers to health coverage only. Therefore, there are restrictions to enrolling in optional coverages. If the Employee/Retired Employee and/or Dependents are not newly eligible, the Employee/Retired Employee must wait until the next Annual Enrollment period to elect optional coverages. Also, to enroll in some optional coverages may require EOI. See Policy 270 for information about EOI.

3.2 Employee/Retired Employee is enrolled in UT SELECT

- a. If an eligible Dependent of an Employee/Retired Employee is not currently covered, the Employee/Retired Employee may enroll the dependent in the UT SELECT plan without EOI. See Policy 310 (Change in Status) for information about the effective date of coverage.
- b. The HIPP program refers to health coverage only. Therefore, there are restrictions to enrolling in optional coverages. Unless the Dependent is newly eligible, the Employee/Retired Employee must wait until the next Annual Enrollment period to enroll the Dependent in optional coverages. To enroll the Dependent in some optional coverages may require EOI. See Policy 270 for information about EOI.

4.0 PAYMENT OF PREMIUMS

The State of Texas, through its Medicaid contractor, Texas Medicaid and Healthcare Partnership (TMHP), will reimburse for the Employee/Retired Employee's portion of the System health insurance premium in one of the following ways:

- Direct payment to the System institution for the Employee/Retired Employee's portion of the insurance;
- Direct payment to the insurance carrier for the Employee/Retired Employee's portion of the insurance; or
- Direct payment to the Employee/Retired Employee of the monthly deduction for insurance costs.

The System institutions should continue to require that the Employee/Retired Employee make payments directly to the institution for any out-of-pocket portion for Dependent coverage, either by payroll deduction or direct billing. The institution should notify TMHP to send the HIPP payments directly to the Employee/Retired Employee at his/her mailing address.

The System Office of Employee Benefits (OEB) will continue to bill the institution for the full premium, including any portion not paid by Premium Sharing.

In order for the Employee/Retired Employee to receive reimbursement from TMHP for his/her out-of-pocket portion of the health premium cost, each month the Employee/Retired Employee must provide TMHP with proof that payment was made to the System institution (e.g., copy of payroll statement).

5.0 TERMINATION OF HIPP REIMBURSEMENT PROGRAM COVERAGE

When the Employee/Retired Employee and/or Dependents are no longer eligible for Medicaid and therefore no longer eligible for the HIPP program, HHSC will notify the System institution Benefits Office and the Employee/Retired Employee in writing.

This is considered a new qualified Change in Status event. Therefore, the Employee/Retired Employee may drop health coverage for the affected individuals if he/she submits a written request to his/her institution Benefits Office within 31 days following the date of the notification. The effective date of the change in coverage will be the first of the month following the date the written request is received by the institution Benefits Office. If the Employee/Retired Employee does not submit a written request during this period of time, he/she must wait until the next Annual Enrollment period or until the occurrence of another Change in Status event to be eligible to drop or reduce coverage.

6.0 CONTACTS FOR ADDITIONAL INFORMATION

The following telephone number is available only for Institution Benefits Office staff to contact a HIPP program representative:

- Call a HIPP representative at 1-800-471-7792
(For System Institution Benefits Office Staff ONLY)

If your Employees or Retired Employees have any questions about the HIPP program, refer them to the following:

- Call a Medicaid representative at 1-800-440-0493;
- Write Texas Health and Human Services Commission, TMHP-HIPP,
P.O. Box 201120, Austin, Texas 78720-1120; or
- Link to the HIPP program through OEB's website at www.utsystem.edu/benefits.