



OFFICE OF EMPLOYEE BENEFITS ADMINISTRATIVE MANUAL		POLICY 574
TITLE	Institution-based Voluntary Plans	
EFFECTIVE DATE	March 2018	
REVISION DATE	--	
PURPOSE	To authorize individual institutions to offer insurance plans solely to their own Employees for coverage not available under the Uniform Group Insurance Program (UGIP) provided the institution complies with certain requirements. This policy replaces systemwide policy UTS176, Institution Based Voluntary Insurance Plans, initially approved on June 2, 2011..	
SCOPE	Institutions of the University of Texas System and the UT System Administration Office of Employee Benefits (OEB).	
STATUTORY AND ADMINISTRATIVE REFERENCES	Texas Insurance Code, Chapter 1601; Regents' Rule 20102; Regents' Rule 30202	

1.0 Background

The University of Texas System is required by Texas Insurance Code, Chapter 1601, to provide Uniform Group Insurance Program (UGIP) benefits to each benefits-eligible Employee. An individual UT System institution may wish to offer an institution-based voluntary insurance plan solely to its own employees for types of coverage not available through the UGIP. Institutions are authorized to offer such a plan provided the institution complies with the requirements set forth in this policy.

2.0 Definitions

The following definitions apply in the context of this policy.

2.1 BENEFIT

The benefit received by an institution that justifies the expenditure of public funds in connection with an institution-based voluntary insurance plan.

2.2 COSTS

All expenses incurred by an institution as a result of offering an institution-based voluntary insurance plan. Costs include, but are not limited to, any monies, staff time, and other resources spent on the procurement, implementation, and ongoing administration of the plan. Some examples include: resources expended in preparation and review of plan designs and Requests for Proposals (RFPs) or other procurement instruments; preparation and review of plan documents, handbooks, and enrollment materials; creation of a system for the collection or payment of plan premiums; obtaining or maintaining information resources such as software or a website associated with the plan; and, any institutional involvement in plan oversight as well as resolution of enrollment, eligibility, and claims issues brought to the institution's attention by plan participants. Additionally, the cost of hiring third-party actuaries and auditors required to assess plan proposals or plan functions on behalf of the institution should be considered.

2.3 INSTITUTION-BASED VOLUNTARY INSURANCE PLAN

Insurance coverage offered by a UT System institution that is not available through the UGIP and is only available to individuals associated with that specific institution. For purposes of this policy, each type of coverage offered by an institution is considered a separate plan even if multiple coverage types are provided by the same insurance carrier. Any such coverage must be procured, funded, and provided separately and apart from the coverage provided by the UGIP.

2.4 RISK

Exposure to liability or potential liability due to failure to comply with duties imposed by applicable State or federal laws, regulations, and/or Systemwide and internal policies.

2.5 UNIFORM GROUP INSURANCE PROGRAM (UGIP)

All group insurance, health benefit programs, and cafeteria plans that UT System is required by Texas Insurance Code, Chapter 1601 and Regents' Rules and Regulations, Rule 30202 to offer to all eligible UT System employees, retired employees, and their eligible dependents.

3.0 Use of UGIP Resources Prohibited

3.1 FUNDING

An institution-based plan cannot be acquired, funded, or operated by or on behalf of a UT System institution or UT System using any resources appropriated to or reserved by the institution for the purpose of funding premium or any other costs associated with the UGIP.

3.2 UT SYSTEM OFFICE OF EMPLOYEE BENEFITS RESOURCES

Institutions cannot access or use resources provided by the UT System Administration Office of Employee Benefits (OEB), including the UGIP online enrollment services, for the implementation or operation of an institution-based voluntary insurance plan.

3.3 CAFETERIA PLAN AND PREMIUM REDIRECTION

Employees enrolled in an institution-based voluntary insurance plan are not eligible to utilize the UT SELECT Premium Reduction Plan or any cafeteria plan provided as part of the UGIP to make premium contributions owed in connection with the institution-based plan. Responsibility for determining how premiums shall be paid by a participant and the appropriate tax treatment of premium payments for any institution-based plan are the sole responsibility of the institution proposing to offer the plan.

4.0 Pre-implementation Requirements

Prior to implementation of an institution-based plan, the office charged with the creation and implementation of the plan on behalf of the institution must meet the requirements listed below.

4.1 BENEFITS TO INSTITUTION

Identify the expected benefits to the institution as a result of offering the institution-based plan.

4.2 COSTS TO INSTITUTION

Make an initial determination of the expected costs the institution will incur in the procurement, implementation, and administration of the institution-based plan.

4.3 FUNDING SOURCES

Ensure that no costs to be expended by the institution for the procurement, implementation, and administration or payment of premium for the institution-based plan are derived from funds

appropriated by the State of Texas or reserved by or on behalf of the institution pursuant to State law to cover costs of UGIP coverage.

4.4 RISKS

Identify any risks associated with the procurement and implementation of the institution-based plan.

4.5 PLAN SUMMARY

Submit a summary of the proposed institution-based plan to OEB containing sufficient detail to determine whether the plan will conflict or compete with the benefits and services available to the institution's employees through the UGIP.

4.6 CONFIRMATION OF COMPATIBILITY WITH UGIP

Obtain written confirmation from OEB that the proposed institution-based plan will not conflict or compete with the benefits and services available to the institution's employees through the UGIP.

4.7 LEGAL AND POLICY ISSUES

Resolve all legal and policy issues, including applicable IRS requirements and Consolidated Omnibus Budget Reconciliation Act (COBRA) requirements, identified in connection with the proposed institution-based plan.

4.8 PREMIUM COLLECTION AND REMITTANCE

Determine the process by which premiums for the institution-based plan will be collected from participants and remitted to the carrier(s) providing the plan. Ensure that all such processes comply with applicable IRS requirements and other applicable laws and regulations.

4.9 ELIGIBILITY AND ENROLLMENT

Ensure the plan is offered to all employees throughout the institution

4.10 FINAL APPROVAL

Obtain the approval of the institution's President to offer the institution-based plan.

5.0 Procurement Requirements

A carrier that provides an institution-based plan must be selected by the institution using procurement and contracting processes that comply with all UT Systemwide and institutional requirements for procurement and contracting for employee insurance products. Additionally, the institution must, at a minimum, ensure that the requirements listed below are met as part of the procurement and contracting process.

5.1 CARRIER LICENSURE

The carrier offering the institution-based plan must possess all licenses and certificates required by the Texas Department of Insurance to offer the plan to Texas residents.

5.2 FINANCIAL STABILITY

The institution-based plan must be actuarially sound.

5.3 PLAN COMPLIANCE

The institution-based plan must comply with all applicable statutes of the Texas Insurance Code as well as Texas Department of Insurance (TDI) regulations pertaining to the plan.

5.4 DATA SECURITY

With regard to any electronic data, including participants' personally identifiable information, that is provided to or collected by the carrier on behalf of the institution pursuant to the institution-based

plan, the carrier and the institution-based plan must comply with breach notifications under State law; with UTS165 and all other applicable policies pertaining to the security of UT System electronic data; and, if applicable, with the Health Insurance Portability and Accountability Act (HIPAA) Administrative Simplification Rules.

5.5 PRIVACY PRACTICES

All data, including personally identifiable information relating to plan participants, that is provided to or collected by the carrier pursuant to the institution-based plan must be treated by the carrier and all subcontractors as confidential and used only for purposes directly related to the plan, the carrier's internal operations, or as otherwise required by law. Such data will not be used by the carrier, or provided to affiliates or third parties, for marketing purposes of any kind.

5.6 ELECTRONIC AND INFORMATION RESOURCE REQUIREMENTS

The carrier must warrant that any electronic and information resources and all associated information, documentation, and support that the carrier provides pursuant to the institution-based plan complies with the applicable requirements set forth in Title 1, Chapter 213 of the Texas Administrative Code and Title 1, Chapter 206, Rule Section 206.70 of the Texas Administrative Code (as authorized by Chapter 2054, Subchapter M of the Texas Government Code).

6.0 Post-implementation Requirements

For each institution-based plan offered, an institution must periodically, but no less than annually, prepare a written assessment confirming that the plan has not affected the institution's ability to assist benefits-eligible employees with accessing UGIP coverage or benefits and provide a copy of this assessment to OEB.

7.0 Responsibilities of the Office of Employee Benefits

The Office of Employee Benefits (OEB) shall be responsible for the requirements listed below.

7.1 REVIEW PROCESS

Develop a process for determining whether a proposed plan will conflict or compete with coverage provided through the UGIP, including a standard form that institutions can use to request such a determination.

7.2 ONGOING MONITORING

Monitor the impact of institution-based voluntary insurance plans offered by UT System institutions on the UGIP.