

# Update

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## TEACHER RETIREMENT SYSTEM OF TEXAS

### ***Continuing health care coverage after resigning from employment***

In 2007, the Texas Legislature added a provision in state law (Section 22.004(k), Education Code) and extended the length of time for certain individuals to remain enrolled in their current health care plan following a resignation from employment. The Teacher Retirement System of Texas (TRS) subsequently revised Rule 41.38, Termination Date of Coverage, to provide guidance to TRS-ActiveCare participating entities.

Active public school employees who participate in their employer's health care plan, and who submit their resignations from employment with an effective date that is after the end of their employer's instructional year, may be entitled to continue their current health coverage until the first anniversary after health coverage was first made available by their employer to all employees for the last instructional year in which the employee was employed. That date is usually September 1st for entities participating in TRS-ActiveCare. The employer may not diminish or eliminate the amount of premium contributions to be paid on the employee's behalf during any coverage continuation period. The employee will still be responsible for his or her share of any premiums during the same coverage continuation period.

Section 22.004(k) applies to any school district providing group health coverage, which includes any employer that is a participating entity in TRS-ActiveCare. TRS is encouraging members who are employed by a participating entity in TRS-ActiveCare to contact their employer's benefits administrator or TRS for further details. Members who are NOT employed by a TRS-ActiveCare participating entity should contact their employer's benefits office.

Active public school employees who are resigning employment in order to retire under the TRS pension plan and who are eligible for TRS retiree health coverage under TRS-Care should consider closely coordinating the ending of their current health care coverage with the beginning of their coverage under TRS-Care. They may be entitled to defer the effective date of their TRS-Care coverage for up to three (3) months, while remaining on their employer's current health coverage plan. In certain instances, they may be entitled to waive their TRS-Care coverage at the time of their retirement due to the existence of their current coverage from their employer and later enroll in TRS-Care due to a special enrollment event, as defined in TRS-Care rules.

### ***TRS-ActiveCare ARRA and COBRA Premium Subsidy Administration***

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for a temporary subsidy of a portion of the premium costs of COBRA coverage for assistance-eligible individuals. In an effort to assist workers involuntarily terminated between September 1, 2008 and December 31, 2009, the federal government will subsidize 65% of COBRA health coverage premium payments for up to nine months. While the law was effective March 1, 2009, it provides a timeline for compliance with notification and new coverage requirements.

Health Care Service Corporation/Blue Cross and Blue Shield of Texas (HCSC/BCBSTX), the COBRA administrator for the TRS-ActiveCare PPO plans, sent a Summary of COBRA Premium Reduction Provisions under ARRA to all individuals who received a COBRA notice since September 1, 2008. All notices were mailed by April 18, 2009. Participants who were involuntarily terminated have 60 days from the date of the notice being sent to make a new election of COBRA and/or apply for the subsidy. HCSC/BCBSTX will continue mailing notification of the premium assistance and special enrollment provisions for terminations through December 31, 2009.

### ***COBRA Subsidy Collection***

*TRS-ActiveCare participating districts/entities will not be responsible for collecting the COBRA subsidy. TRS will be responsible for collecting the COBRA subsidy. However, participating districts/entities will be responsible*

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for determining and reporting who is eligible for the subsidy. HCSC/BCBSTX will require assistance from the Benefits Administrators of each participating district/entity to identify assistance-eligible individuals.

### **Who is Eligible**

An assistance-eligible individual is one who is otherwise qualified for COBRA coverage and for whom the qualifying event for coverage is an involuntary termination during the period beginning September 1, 2008 and ending December 31, 2009. A termination is involuntary if it is the result of employer-initiated action, including, but not limited to, termination for poor performance, a lay-off, and a staff reduction. Please refer to page 5 of the IRS Notice 2009-27 for additional information on involuntary terminations.

### **Employer Action Required**

On April 6, 2009 Benefits Administrators were sent a request for information via e-mail from HCSC/BCBSTX. The e-mail included a form and instructions for reporting involuntary terminations. *If you have not already done so, please complete and return the form to HCSC/BCBSTX. Note that for any individual the district/entity reports as an involuntary termination, the district/entity is attesting that the termination was involuntary, as described in IRS Notice 2009-27, and that the district/entity is in possession of documentation to support that attestation, will retain such documentation, and will make such documentation available to TRS in the event such documentation is required to support a subsidy claim.*

HCSC/BCBSTX will continue to provide updates via e-mail on the assistance required from participating districts/entities to comply with the new mandates.

### **HMO Participants**

The process described in this article affects TRS-ActiveCare PPO plan participants only. The fully-insured HMO plans and their COBRA plan administrators will also be contacting participating districts/entities and requesting information on HMO plan participants with involuntary terminations.

## ***April 30 voting deadline nears for spring board election***

Of the nine trustee positions that comprise the Teacher Retirement System of Texas Board of Trustees, three have terms expiring on August 31, 2009. One position, currently held by Dory Wiley, is a direct appointment of the governor. A second position, currently held by John Graham, is appointed by the governor from a list prepared by the State Board of Education. The third position, currently held by Dr. Mark Henry, will be appointed by the governor from a list of the top three candidates following a nominating election now under way. That appointment is for a six-year term that will expire on August 31, 2015.

Eight candidates have qualified to run in this election for the position representing public school district active members. Biographical information on each candidate appears on pages 4-5 of the March 2009 TRS News. Election ballots and postage-paid return envelopes are also included with this newsletter. Eligible active members may now cast their ballots for one of these candidates. Only TRS members whose most recent credited service was performed for a public school district are eligible to vote by returning their ballots to TRS (c/o VRES).

TRS has contracted with VR Election Services (VRES) of Carrollton, Texas, to manage this year's election process. Each ballot will contain the names of all eight candidates wishing to fill the public school employee position on the board. Space on the ballot has also been provided for write-in candidates. Members will have an opportunity to vote via the Internet or by mail. Instructions for both methods of voting are included with this year's ballots.

Ballots must be returned in envelopes postmarked or delivered to TRS (c/o VRES) by April 30, 2009. Internet votes must also be cast by 5 p.m. (CDT) that day. Names of the three candidates who receive the most votes will be submitted to the governor who will then appoint one of those individuals to fill the six-year term beginning as early as September 1, 2009.

*NOTE: Active public education employees who have not received a ballot, or who lost the ballot they received, should call VRES toll-free at 1-800-218-4026. They can also reach VRES via e-mail at [custserv@vres.us](mailto:custserv@vres.us).*