January 19, 2010

OFFICE OF BUSINESS AFFAIRS MEMORANDUM No. FY10-41
Distributed via Campus Email

To: Faculty and Staff

From: Mary Lee Hodge,
Vice President for Business Affairs

Re: Senate Bill 51

I am writing to inform you about Senate Bill 51, passed during the 79th Texas Legislative Session, and its impact on our operations at PVAMU. This bill went into effect on September 1, 2006. It addressed the timely reporting of terminations of coverage for employees and dependents to health insurance carriers. In PVAMU, it affects only the insured medical HMO plan (Scott & White), and not the self-insured health or dental plans or the graduate student insurance plan.

The following language is excerpted from the bill: “... The group contract holder is liable for an enrollee’s premiums from the time the enrollee is no longer part of the group eligible for coverage under the contract until the end of the month in which the contract holder notifies the HMO (or other insurer) that the enrollee is no longer part of the group eligible for coverage by the contract; and the enrollee remains covered by the contract until the end of that period.”

Please note that the policy holder (The Texas A&M System) is liable for the premium, and not the employees. Since the separated employees are no longer employees during any “extra month(s) of coverage”, the State contribution will not be available and cannot be used. Therefore, this additional cost has to be borne by the relevant System member, at the Department level.

In concrete terms, if an employee terminates employment on July 15, his/her coverage would normally be effective through the end of that month; July 31. However, after completion of EPA processing at the Department level, if the termination information is not entered into the BPP CANOPY system and sent to the carrier by July 31, the A&M System is liable for premiums for that individual through the end of the month in which the termination of coverage was reported, which will be August 31 or beyond, depending on when the processing of the EPA for the separated employee has been completed and notification sent to the carrier after relevant entries made in the BPP system. This extra liability has to be borne by the department.

It is therefore important that special emphasis be placed on any employee “separation,” as the timely processing of EPA has to be initiated by the department and its completion expedited, so that notification to the carrier on termination of coverage is sent within the same month as of separation. Any delay will cause additional expenditure on coverage, which will have to be met out of the department’s funds.
If you have any questions about the impact of this Bill on your department, please contact Ms. Radhika Ayyar at (936) 261-1721 or via email at raayyar@pvamu.edu or Ms. Rebecca Standlee at (936) 261-1727 or via email at rlstandlee@pvamu.edu.

xc: Dr. George C. Wright
    Mr. Albert Gee
    Ms. Radhika Ayyar
    Ms. Rebecca Standlee

MLH: pgs