



Administrative Policy
Termination of Health Benefits

A.P. No.	A.P 3-4
Effective Date:	Upon Approval

1. POLICY STATEMENT

The City of Houston (City) offers a competitive health plan for eligible employees, retirees, survivors, and dependents to elect to enroll as health benefit participants. Premiums collected from health plan participants are expected to be accurate based on health coverage elections. The City recognizes from time-to-time premium collection errors and/or request for health benefit coverage changes may result in health benefit deduction variances.

2. POLICY PURPOSE

2.1. This uniform procedure shall establish the processes for:

- 2.1.1. Minimizing potential financial exposure for unpaid health benefit premiums and ineligible expenses;
- 2.1.2. Resolving health benefit deduction variances and premium collection errors; and
- 2.1.3. Terminating health benefit coverage for health plan participants who fail to pay their health plan premium(s).

3. SCOPE

3.1. This policy applies to all City eligible employees (including elected officials), retirees, survivors, and dependents enrolled in one or more of the City sponsored Health Benefit Plans.

4. DEFINITIONS

Direct Pay: A means for a Health Benefit Plan Participant to remit their Health Benefit Plan Premium that is not through an automatic deduction from their bi-weekly paycheck or monthly pension check.

Health Benefit Plan Participant: Any employee, retiree, survivor, or dependent who is enrolled in one or more City sponsored health plans.

Health Benefit Plan Premium: An amount a health benefit plan participant remits towards the shared cost of their health benefit coverage.

Health Benefit Plan: City sponsored health benefit coverages, which include but is not limited to medical, dental, vision, voluntary life insurance, and supplemental plans.

Human Resources Director: The department director of the Human Resources Department (HR).

Repayment Agreement: An approved one-time payment or installment plan which allows the Health Benefit Plan Participants to cure any unpaid Health Benefit Plan Premiums.

Qualified Life Event: Life-changing events that qualify a Health Benefit Plan Participant to change Health Benefit Plan coverage(s). A Qualified Life Event includes marriage, divorce, birth, adoption or placement of a foster child, spouse and/or dependent gains or loses coverage.

5. POLICY DETAILS

- 5.1. The City shall maintain health benefits coverage for health plan participants if they meet eligibility requirements under the Health Benefit Plans and pay Health Benefit Plan Premiums as required.
- 5.2. Health plan participants are expected to timely pay health plan premium(s) in full bi-weekly or monthly, whichever is most appropriate as determined by the health plan participants payroll status.
- 5.3. Health plan participants who fail to pay their health plan premium(s) in full shall have their health plan coverage terminated, unless they remit their missed health plan premium in accordance with section 7 of this policy.
- 5.4. Once Health Benefit Plan coverage(s) terminate, eligibility to re-enroll will occur during the next open enrollment period or eligible Qualifying Life Event, whichever occurs first.
- 5.5. Health plan participants who are City employees shall have their health plan premiums automatically deducted from their bi-weekly paycheck twenty-four (24) times per calendar year, unless the City employee is on an approved unpaid leave of absence.
- 5.6. Health Benefit Plan Participants who are City employees on an approved unpaid leave of absence and who wish to maintain their Health Benefit Plan coverages, shall remit their Health Benefit Plan Premium by Direct Pay Portal bi-weekly or monthly.
- 5.7. Health plan participants who receive a monthly pension benefit from the Houston Municipal Employees' Pension System, Houston Police Officers' Pension System, the Houston Firefighters' Relief and Retirement Fund, and/or any other recognized pension system, shall have their health benefit plan premiums automatically deducted from their monthly pension benefits twelve (12) times per calendar year.
- 5.8. Health plan participants who are unable to remit their health plan premium(s) in accordance with sections 5.5, 5.6 and 5.7 of this policy and who wish to remain a health plan participant, shall remit their health benefit premium(s) by Direct Pay Portal bi-weekly or monthly.
- 5.9. A request to remit health plan premiums shall be in writing and shall be approved by a HR Benefits Division Representative.
 - 5.9.1. Approved requests to remit health plan premiums via Direct Pay may be reviewed for approval continuance every three (3) years or as deemed by the Human Resources Department Director.
- 5.10. In the event of the death of a Health Benefit Plan Participant and an overpayment of Health Benefit Plan Premiums exist, the overpayment of the Health Benefit Plan Premium shall be paid in compliance with state laws.
- 5.11. In the event of a line of duty death where the deceased is a Health Benefit Plan Participant and the Health Benefit Plan Participant's legal spouse is also a Health Benefit Plan Participant, the legal spouse of the deceased Health Benefit Plan Participant shall have ninety (90) calendar days to switch their enrollment and any their dependents enrolled in one or more of the City's health benefit plans at the time of the line of duty death to survivor Health Benefit Plan coverages.
- 5.12. Any Repayment Agreement shall be signed (including electronically) by the Health Benefit Plan Participant and a HR representative.
 - 5.12.1. One-time payments shall be made no later than thirty (30) calendar days from the date the Repayment Agreement was approved by the HR representative.

5.12.2. Installment payment shall not exceed ninety (90) calendar days from the date the Repayment Agreement was approved by the HR representative.

5.13. Any Direct Pay remittances shall be made through the Direct Pay Portal ([HR Direct Pay Portal](#)).

5.13.1. Money orders and cashier's checks are not acceptable Direct Pay options.

5.14. Absent a preferred method of contact on file with the City of Houston, any notifications to the Health Benefit Plan Participants shall be by regular mail at the last known address on file with the City.

6. ROLES AND RESPONSIBILITIES

6.1. Health Benefit Plan Participants are responsible for:

6.1.1. Authorizing Health Benefit Plan Premiums from bi-weekly paychecks or monthly pension checks, whichever is most appropriate;

6.1.2. Ensuring the City of Houston's Human Resources Department has their correct mailing address, telephone, and email address;

6.1.3. When remittance of Health Benefit Plan Premium(s) is not feasible in accordance with section 5.5, 5.6 and 5.7 of this policy, remitting Health Benefit Plan Premium by Direct Pay and notify the HR Benefits Division;

6.1.4. Notifying the HR Benefits Division of a Qualifying Life Event or any event which may affect their Health Benefit Plan coverage or Health Benefit Plan Premium(s), timely; and

6.1.5. Agreeing to a One-time payment or Repayment Plan no later than ten (10) calendar days from the date of notification of any unpaid Health Benefit Plan Premium.

6.2. The Human Resources Department is responsible for:

6.2.1. Identifying and reconciling Health Benefit Plan Premium processing error;

6.2.2. Reconciling Health Plan Benefit Premium remitted by Direct Pay;

6.2.3. Processing Qualified Life Event changes timely;

6.2.4. Notifying Health Benefit Plan Participants of unpaid, underpaid, or overpaid Health Benefit Plan Premiums, in writing;

6.2.5. Approving, disapproving, and/or modifying any Repayment Agreements;

6.2.6. Terminating any Health Benefit Plan coverages for a Health Benefit Plan Participant after failing to enter into a Repayment Plan; and

6.2.7. Establishing required forms, processes, and procedures for the administration of this policy.

6.3. The Administration & Regulatory Affairs Department Payroll Division shall be responsible for notifying the HR Benefits Division of any payroll processing errors, which may result in any unpaid or underpaid Health Benefit Plan Premiums, no later than the Wednesday following payroll closing.

6.3.1. Notification shall include but is not limited to employee name, employee number, employment status, and details of the payroll processing error.

7. PROCEDURES

7.1. Once it is determined that a Health Benefit Plan Participants Health Benefit Plan Premiums have been overpaid, the HR Benefits Division representative shall notify the Health Benefit Plan Participant in writing of the overpaid Health Benefit Plan Premiums, which shall include notice on how the overpayment shall be applied or refunded when the Health Benefit Plan Participant is no longer covered by the Health Benefit Plan.

7.2. Once it is determined that a Health Benefit Plan Participant's Health Benefit Plan Premium(s) have been unpaid the following process shall be used to resolve the health benefit deduction variance:

7.2.1. The HR Benefits Division representative shall notify the Health Benefit Plan Participant in writing of the unpaid Health Benefit Plan Premium(s).

7.2.1.1. Notice to the Health Plan Participant shall include:

7.2.1.1.1. The amount to cure the health benefit deduction variance;

7.2.1.1.2. Options for Repayment Agreement;

7.2.1.1.3. Information to cure the health benefit deduction variance through the Direct Pay Portal;

7.2.1.1.4. Due date to cure the health benefit deduction variance; and

7.2.1.1.5. Last day of health benefit plan coverage(s) if the Health Benefit Plan Premium is not cured.

7.2.2. If the Health Benefit Plan Participant fails to pay any unpaid Health Benefit Plan Premiums, then the Health Benefit Plan coverages shall be terminated in compliance with section 7.4 of this policy.

7.3. Once it is determined that a Health Benefit Plan Participant's Health Benefit Plan Premium(s) have been underpaid, the following process shall be used to resolve the health benefit deduction variance:

7.3.1. The HR Benefits Division representative shall notify the Health Benefit Plan Participant in writing of the underpaid Health Benefit Plan Premium(s).

7.3.1.1. Notice to the Health Plan Participant shall include:

7.3.1.1.1. The amount to cure the health benefit deduction variance;

7.3.1.1.2. Options for Repayment Agreement;

7.3.1.1.3. Information to cure the health benefit deduction variance through the Direct Pay Portal;

7.3.1.1.4. Due date to cure the health benefit deduction variance; and

7.3.1.1.5. Last day of health benefit plan coverage(s) if the Health Benefit Plan Premium is not cured.

7.3.2. If the Health Benefit Plan Participant fails to pay any underpaid Health Benefit Plan Premiums, then the Health Benefit Plan coverages shall be terminated in compliance with section 7.4 of this policy.

7.4. Once it is determined that a Health Benefit Plan Participant's Health Benefit Plan Coverages should be terminated, the following process shall be used:

7.4.1. The HR Benefits Division representative shall notify the Health Benefits provider in writing of the Health Plan Participant's failure to remit Health Benefit Plan Premiums; and

7.4.2. The HR Benefits Division representative shall notify the Health Benefit Plan Participant in writing their Health Benefit Plan coverage(s) will terminate with the effective date of termination.

7.4.2.1. Termination of health benefits plan coverages shall be effective on the last day of the month in which the last Health Benefit Plan Premium coverage expired.

7.5. Upon notification of a line of duty death, the HR Benefits Division representative shall determine if a legal spouse is eligible for the provisions set forth in section 5.11 of this policy.

7.5.1. If a legal spouse is eligible for the provisions set forth in section 5.11 of this policy, then the HR Benefits Division representative shall assist the legal spouse with enrollment as a survivor with Health Plan Benefits coverages available to survivors as a result of a line of duty death.

8. RELATED DOCUMENTS AND INFORMATION

- City of Houston Code of Ordinance, Article IV, Section 7a

9. POLICY SPONSOR

Department: Human Resources Department