

COMPENSATION AND BENEFITS:  
FRINGE BENEFITSDEB  
(R)

It is the policy of the District to make group life, health, dental, disability income and catastrophic illness insurance coverage available to the employees.

The District will contribute to the cost of a group health plan for active employees participating in the Teachers Retirement System. The amount of such contribution will be recommended by the Superintendent annually and approved by the Board.

Employees who have retired from the TRS system and have been rehired to work in any capacity are considered non-participating, non-contributing members to the Teacher Retirement System.

The District will continue to make contributions for retirees who have been rehired and have participation in NEISD's group health plan prior to May 1, 2004. For any retiree who is rehired after May 1, 2004, NEISD will allow retiree-rehire to purchase health insurance by paying employee share and one-half the district contribution. NEISD will not make contributions for the dental, life, catastrophic illness and disability income insurance plans, but will permit payroll deductions for those rehired employees electing such coverage.

The District offers the NEISD Cafeteria Plan or Section 125 Plan which gives the employees the option of receiving a reduced monthly gross income and allowing the district to pay the premiums for the dental, cancer, group term life, and/or health coverage with pre-tax dollars.

## HEALTH PLAN

Appropriate health coverages shall be recommended by the Superintendent annually and approved by the Board.

To minimize the cost of health coverage, both to employees and to the District, reasonable deductibles will be included in coverages, as well as other cost saving devices including, but not limited to, a pre-existing conditions clause.

Preexisting condition means a condition for which medical advice, diagnosis, care or treatment was recommended or received during the six-month period prior to the effective date of coverage. A preexisting condition will be excluded for 12 months after the effective date of coverage.

It is the District policy to assume as much of the risk of health claims as is consistent with reasonable risk management principles and with its financial and legal ability to assume risk. Where significant savings result, the Superintendent will request Board approval.

## EMPLOYEE ELIGIBILITY

The District shall pay an amount, set by the Board each year, of the monthly health insurance premium for each regular employee who works at least twenty hours per week. If such employee elects to participate in a health program, the employee must

## DEPENDENT ELIGIBILITY

execute a payroll deduction agreement to cover the balance. An eligible employee's dependents may be covered under a District health plan if the dependent falls under one of the following categories:

1. an employee's spouse; or
2. any unmarried child who is either:
  - a. Under age 19; or
  - b. A student. A student is defined as a child under age 25 who meets the dependency requirements of the Internal Revenue Code of the United States and who is attending an accredited educational institution as a full-time student (a student is considered full-time if he is enrolled for 12 or more college credit hours per semester or as defined by the institution); or
  - c. Any unmarried, disabled child, if the child has reached the limiting age and the child is dependent upon the employee for more than one-half of his support as defined by the Internal Revenue Code.

Child means:

- An employee's natural child; or
- An employee's legally adopted child, including a child for whom the participant is a party in a suit in which the adoption of the child is sought; or
- An employee's stepchild whose primary residence is the employee's household; or
- A child of the employee's child who is dependent upon the employee for more than one-half of his support as defined by the Internal Revenue Code of the United States; or
- A child for whom a participant has received a court order requiring the participant to have financial responsibility for providing health care coverage; or
- A foster child or other child:
  1. Whose primary residence is the employee's household; and
  2. To whom the employee is legal guardian or related by blood or marriage; and
  3. Who is dependent upon the employee for more than one-half of his support as defined by the Internal Revenue Code of the United States.

## ENROLLMENT

New employees may enroll in the health plan by submitting an application to the Employee Benefits Office within the first 31 calendar days of employment. Coverage will become effective on the first day of employment or the first due date for plan contributions (premiums) following the first day of employment. Premiums are deducted a month in advance. When necessary, the District will back bill the premium.

Current employees may enroll in a group health plan during the

annual open enrollment period each August. The coverage will become effective on the plan anniversary date of October 1.

The District will allow an employee to enroll during the year due to loss of other coverage if each of the following conditions is met:

1. The employee was covered under a health plan or had other health insurance coverage at the time the District's coverage was previously offered; and
2. The employee's prior health plan:
  - a. Under Title X of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 as amended, has been exhausted; or
  - b. Was terminated as a result of legal separation, divorce, death, termination of employment or a reduction in the number of hours of employment, or employer contributions toward such coverage were terminated; and
3. The employee requests to enroll no later than 31 calendar days after the date coverage ends under the prior health plan. The coverage will become effective the first day of the month following receipt of the application by the Employee Benefits Office.

Eligible dependents may be added to coverage during an annual open enrollment period. An employee and any eligible dependents may enroll within 31 days of a special enrollment event, such as marriage, birth, adoption, or placement for adoption.

Enrollment is effective with respect to an employee and a dependent, who enroll in the District's health plan due to loss of other coverage, not later than the first day of the first calendar month beginning after the date the completed request for enrollment is received. In the case of marriage, enrollment is effective not later than the first day of the first calendar month beginning after the date the completed request for enrollment is received by the plan. In case of a dependent's birth, enrollment is effective on the date of such birth. In the case of a dependent's adoption or placement for adoption, enrollment is effective on the date of such adoption or placement for adoption.

#### ALTERNATE HMO INSURANCE PLANS

The District may offer alternative health care plans to its eligible employees and will contribute the same dollar amount to such alternate plans as would be paid to the regular group plan. Employees will have an option to select the North East group health plan or the alternate plan at the time of employment. Annually thereafter, in August, this option will again be presented for coverages to begin October 1st.

#### DISCLAIMER

The North East Independent School District will offer an HMO as a health care option in accordance with Public Law 110.804. The District does not endorse nor does the District assume responsibility for the health maintenance organization.

## HOSPITAL INDEMNITY PLAN

Employees who do not participate in any medical program through the district will be covered by the district's self-funded hospital indemnity plan, paid by the district health care contribution and at no cost to the employee.

## DENTAL PLAN

The District offers optional dental coverage to employees who are scheduled to work on a permanent basis 20 or more hours per week. Dependents who qualify under the health plan eligibility rules may also be enrolled in the dental insurance plan.

-An employee may enroll and add eligible dependents during the first 31 days of employment by submitting an application to the Employee Benefits Office. The effective date will be the first day of the month following the payroll deduction for the premium. Premiums are always deducted a month in advance.

Employees may enroll and add eligible dependents during the District's annual open enrollment each year during August. Premiums will be deducted from the employee's September paycheck, and coverage will become effective on the first day of the plan year, October 1.

## TERMINATION OF COVERAGE

If an employee has not placed his/her medical and/or dental coverage under the Cafeteria Plan or (Section 125 Plan), an employee may cancel coverage by submitting the appropriate completed form(s) to the Employee Benefits Office. The health enrollment/change form must indicate the name(s) of individual(s) being cancelled. The cancellation date of the coverage will be the last day of the month the notice was received in the Employee Benefits Office. If the notice is received after the payroll cutoff date for the last paycheck of the month, a premium will be refunded on the following month's paycheck.

If coverage is on the Cafeteria Plan, coverage can only be cancelled during the cafeteria open enrollment, or in accordance with the provisions set forth in IRS Code, Section 125.

If an employee's dependent no longer meets the eligibility requirements for the plan, the coverage on that dependent will cease. It is the responsibility of the employee to notify the Employee Benefits Office within 31 days of such change by submitting the appropriate change form. Coverage will terminate at the end of the month in which the notice is received in the Employee Benefits Office.

If employment is terminated, health coverage ceases at the end of the month. However, all employees whose annual contractual or prescribed work schedule is less than 12 months and who have completed that contract and/or work schedule, and if that contract and/or work schedule contains a minimum of 90 days, will be covered through the end of the month for which they are paid. . District participation in the payment of premiums will continue accordingly. This provision includes employees who retire, resign, are terminated (voluntarily or involuntarily) for reasons other than gross misconduct, or are on an approved FMLA leave of absence.

## CONTINUATION OF COVERAGE

If an employee or dependent becomes ineligible to participate in the health or dental plans, coverage terminates the last day of the month eligibility ceased. The District will offer continuation of coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) to participants (employees and dependents) who lose their eligibility for coverage because of any of the events listed below. The continued coverage can remain in effect for a maximum period of either 18 or 36 months depending on the reason that eligibility is terminated.

Events qualifying for 18-month continuation are:

1. Reduction of employee work hours; or
2. Employee retirement or termination (voluntary or involuntary) except for discharge for gross misconduct.  
Note: The 18 months can be extended to 29 months when the participant is determined by the Social Security Administration to be disabled at any time during the first 60 days of COBRA coverage and notice of such determination and prior to termination of continuation of coverage.

Events qualifying for 36-month continuation for dependents are:

1. Death of an employee;
2. divorce or legal separation of the employee;
3. Medicare eligible employee (employee becomes eligible for Medicare, leaving dependents without group health coverage; or
4. Children who lose coverage due to eligibility provisions (for example: marriage).

Employees and dependents who are covered by the group health plan at the time of the qualifying event are eligible to continue coverage.

If a qualifying event is either: (a) the divorce of an employee; or (b) a child becoming ineligible for coverage, the eligible participants must notify the Employee Benefits Office in writing. Then, the Employee Benefits Office will give written notice to the participants of the continuation option. If the qualifying event is the employee's death, Medicare eligibility, or termination of employment (or reduction of hours), the Employee Benefits Office will give written notice to the participants of the continuation option.

The eligible participants have 60 days to give written notice to the Employee Benefits Office of their desire to continue coverage. The election must specify names of covered individuals and the reason for and the date of the qualifying event.

As long as the premium is paid on a timely basis, the participants' coverage will continue unless:

1. The benefit time period expires;
2. A continued participant has coverage under any other

group health plan, which does not contain an exclusion for any preexisting condition of the participant:

3. A continued participant becomes entitled to Medicare benefits; or
4. The District no longer provides group health coverage for employees.

Benefits for continued participants will be the same as those for active employees. Rates will be based upon the rates for active employees, without District contribution. If the District changes benefits or rates, the continued participants will receive the new benefits and a new rate.

A service fee of 2% of the premium is added to the premium and is payable by the continued participant to the North East Independent School District on a monthly basis. An extra premium of 50% may be added for participants who extend coverage from 18 to 29 months. The participant is responsible for the premium payment.

#### EMPLOYEES ON APPROVED LEAVES OF ABSENCES

The District's contribution to the health plan premium will be discontinued for employees who are on an approved leave of absence. When an employee is placed on unpaid leave of absence after paid leave is exhausted, or when the employee chooses to take an unpaid leave of absence without using all his or her accumulated leave benefits, COBRA coverage shall be offered to the employee.

If an employee qualifies for a leave of absence under the Family Medical Leave Act of 1993 (FMLA), the district will continue to make its contributions toward health coverage during the twelve (12) week period for employees currently enrolled in a health plan. The employee may elect to pay his/her portion of the health plan premium and other benefit premiums by:

1. Monthly payroll deduction (for paid leaves);
2. Payroll deduction, in advance for the duration of the FMLA leave, to take advantage of the tax savings under the NEISD Cafeteria Plan (if applicable); or
3. Personal check made payable to NEISD.

If the employee does not return to work within the twelve (12) week period, COBRA coverage shall be offered to the employee at that time.

Employees may continue their life insurance, disability/income replacement coverage, and cancer/ catastrophic insurance coverage by making premium payments, in advance, to the District, on a monthly basis.

#### RETIREEES

For employees who are eligible and have accepted retirement through the Teacher Retirement System (TRS) after August 31, 2004 participation in the health or dental plans will be available through continuation of coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). The continued

coverage can remain in effect for a maximum period of 18 months. Refer to Continuation upon group ineligibility under Continuation of Coverage section. The District shall not make contributions to the premiums of retired employees with the exception of that indicated in "termination of coverage" in the policy.

## GROUP LIFE INSURANCE

The District offers optional group term life insurance coverage to employees who are scheduled to work on a permanent basis 20 or more hours per week. An employee may enroll in the life insurance during the first 31 days of employment by completing an enrollment card. The effective date of coverage will be the latter of the date of employment (actively at work) or the date the enrollment card is signed. If an employee chooses not to enroll at that time, an employee may apply for coverage at a later date but will be subject to the company's approval prior to coverage.

Employees have the option to purchase accidental death and dismemberment insurance in the same increments that the group term life insurance is purchased. They may also apply for an additional \$10,000 optional group term life insurance. The optional life insurance is subject to company approval.

All premiums are deducted a month in advance. If life insurance coverage is placed on the cafeteria plan, coverage can only be canceled during annual cafeteria plan open enrollment, or in accordance with the provisions set forth in IRS Code, Section 125. If life insurance coverage is not on the cafeteria plan, coverage may be canceled by submitting a request in writing to the Employee Benefits Office. The cancellation date will be the end of the month in which the request is received. If the request is received after the payroll cutoff, any overpayment of premiums will be refunded on the following month's paycheck.

If employment is terminated, coverage ends on the last day of the month the resignation is effective.

An employee with ten or more continuous years of service prior to retirement may retain one-half of the group term life insurance, excluding accidental death and dismemberment benefits, which was in force at the time of retirement. If an employee retires due to a permanent disability, the full amount of group term life insurance, excluding accidental death and dismemberment, may be retained. The monthly premiums per \$1,000 for this coverage will be the current premiums being charged for the District's active employees as adjusted from time to time.

## GROUP DISABILITY/ INCOME REPLACEMENT INSURANCE

The District offers an optional group disability/income replacement insurance coverage to employees who are scheduled to work on a permanent basis 20 or more hours per week. An employee may enroll in the disability/income replacement insurance during the first 31 days of employment or during a scheduled District open enrollment every three to four years. If an employee chooses not to enroll during an open enrollment period, an application for coverage will be subject to the company's approval of the application and evidence of

insurability.

CANCER/  
CATASTROPHIC

Premiums are deducted from the paycheck one month in advance and the effective date of coverage is the first of the month following the payroll deduction.

The District offers an optional cancer/catastrophic illness insurance coverage to employees who are scheduled to work on a permanent basis 20 or more hours per week. An employee may apply for coverage at any time. The application for coverage is based on insurability and is subject to the company's approval.

Premiums are deducted from the paycheck one month in advance and the effective date of coverage is the first on the month following the payroll deduction.

If cancer plan coverage is placed on the cafeteria plan, coverage can only be canceled during an annual cafeteria plan open enrollment, or in accordance with the provisions set forth in IRS Code Section 125.

If cancer plan coverage is not on the cafeteria plan, coverage may be canceled by submitting a request in writing to the Employee Benefits Office. The cancellation date will be the end of the month in which the request is received. If the request is received after the payroll cutoff, any overpayment of premiums will be refunded on the following month's paycheck.

If employment is terminated, coverage ends on the last day of the month. However, all employees whose annual contractual or prescribed work schedule is less than 12 months and who have completed that contract and/or work schedule, and if that contract and/or work schedule contains a minimum of 90 days, may be covered through the end of the month of which they are paid.

TEACHER RETIREMENT SYSTEM  
OF TEXAS

An employee who resigns or retires may convert to an individual policy and continue by making payments directly to the company. Effective January 1, 1988, contributions to TRS become tax sheltered as a result of HB 2252. The taxable income is reduced resulting in a larger take home pay for all employees. The tax sheltering is mandatory. This change does not affect the amount contributed to a Tax Sheltered Annuity.

RETIRED EMPLOYEES

The plan does not apply to the annual membership fee or the .65% of pay contributed to the ~~Public School Retired Employees Group Insurance Program~~ TRS-Care Health Care Benefits for Retirees.

TRS retirees can enroll for District benefits during open enrollment. Employees retired from TRS who are hired after open enrollment will have 31 calendar days after their hire date to enroll in group health and any voluntary products. The rehired employee pays the employee share and one half of the district contribution of the health insurance premium and is responsible for all costs for voluntary products.

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