

Update

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TEACHER RETIREMENT SYSTEM OF TEXAS

TRS-ActiveCare Plan 1 is eliminated and TRS-ActiveCare Plan 3 closed to new enrollments for the 2013-2014 plan year

TRS has informed Benefits Administrators that ActiveCare 3 is now closed to new enrollees for the upcoming plan year. Existing ActiveCare 3 plan participants—those enrolled for the current 2012-2013 plan year—may remain in ActiveCare 3 for the new plan year beginning Sept. 1, 2013. Existing ActiveCare 3 plan participants may add dependents to coverage during the annual enrollment period (Aug. 1-31) or due to a special enrollment event. It makes no difference if the employee changes covered dependents or moves from another district; if currently enrolled in ActiveCare 3, he or she may remain enrolled in ActiveCare 3 for 2013-2014.

Employees who attempted to enroll in ActiveCare 3 for the 2013-2014 plan year have been sent a notification by mail from Blue Cross and Blue Shield of Texas (BCBSTX) with information on how their enrollment for TRS-ActiveCare will be affected. ActiveCare 1 enrollees will be automatically enrolled in ActiveCare 1-HD since ActiveCare 1 is not an available plan option beginning Sept. 1, 2013. New plan participants (and any existing plan participants who wish to change their plan coverage for 2013-2014) must submit an *Enrollment Application and Change Form* by Aug. 31, 2013 to select a different plan option.

The BCBSTX account executives are currently providing Benefits Administrators with lists of affected employees to facilitate notification efforts and ensure payroll systems are updated appropriately.

TRS-ActiveCare and the Affordable Care Act (ACA) Individual Mandate and Section 125 Amendment

TRS will not consider the individual mandate that is effective on Jan. 1, 2014 as an enrollment event for TRS-ActiveCare. Employees/dependents should enroll in TRS-ActiveCare during annual enrollment by Aug. 31, 2013 if they desire to have coverage under TRS-ActiveCare on Jan. 1, 2014.

TRS will allow plan participants to drop coverage at any time. Plan participants will only be allowed to enroll again during annual enrollment or due to a future special enrollment event.

Dropping coverage is subject to the employer's Section 125 guidelines. Under IRS regulations, participants in a Section 125 Cafeteria Plan cannot stop their agreed-to contributions during a plan year except as allowed under specific circumstances.

Due to the individual mandate and health insurance exchange provisions of the ACA becoming effective Jan. 1, 2014, the IRS is permitting employers to allow a one-time add or drop for the Jan. 1 individual mandate in their Section 125 plans. This requires an amendment of the employer's Section 125 vendor contract. The amendment would facilitate the one-time drop for the employee/dependent. However, since TRS is not recognizing the mandate as an enrollment event for TRS-ActiveCare, the employee/dependent cannot elect to enroll in TRS-ActiveCare at that time based solely upon the mandate itself.

Participants in a Section 125 plan through their employer should be referred to their benefits administrator to determine if their employer has or will make arrangements with its contracted vendor to allow employees to cease contributions under this new IRS ruling.

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TRS-ActiveCare billing cycle and premium due date change effective September 2013

In June, TRS announced that in an effort to ensure that adequate funds are available to assure timely payment of TRS-ActiveCare claims, the cycle of billing and due dates for premiums will change effective September 2013. Beginning with September coverage, participating entities will be invoiced the first working day of the month for premiums for that month's coverage and the remittance will be due to TRS on or before the 15th of that same month. If the 15th falls on a weekend, the last working day prior to the 15th becomes the due date. Specifically, for August and September coverage:

August 2013 premiums:	Billed mid-August, due Sept. 6
September 2013 premiums:	Billed September 3, due Sept. 13

For their convenience, designated Benefits Administrators at participating entities have already been sent a new Quick Reference Guide with the revised due dates for billing for the 2013-2014 plan year.

For more information, TRS has posted FAQs on the billing cycle and due date changes on its website which is located at www.trs.state.tx.us/trs_activecare. Please contact Rosa Franco at 512-542-6396 with any questions about these changes.

Clarification regarding August 2013 TRS News article titled "Rule changes affecting surcharge trigger – Rule 31.41 and Rule 41.4"

Some confusion has arisen regarding the amount of time that a TRS service retiree may work without forfeiting an annuity. The confusion stems from an August 2013 *TRS News* article titled "Rule changes affecting surcharge trigger – Rule 31.41 and Rule 41.4." That article announced that Pension Surcharge and TRS-Care Surcharge rules have been amended to align the "trigger" for the surcharges with the criteria for one-half time employment for retirees who retired after Jan. 1, 2011 and for disability retirees. TRS-covered employers must pay these surcharges when they hire certain TRS retirees for more than a certain number of hours each month.

To clarify, please note the following:

- Retirees who retired on or before Jan. 1, 2011 may work without limit and without forfeiting a monthly annuity.
- Retirees who retired after Jan. 1, 2011 may work as a substitute or one-half time without forfeiting a monthly annuity. One-half time employment means working no more than the equivalent of four clock hours for each work day in that calendar month or if combining substitute employment and one-half time in the same calendar month—working no more than one-half of the work days in the month. In order to work more than one-half time, the retiree must serve a 12 full, consecutive calendar month break in service.
- The surcharge(s) is/are due for a retiree who retired after Sept. 1, 2005 when that retiree performs work that exceeds the equivalent of four clock hours for each work day in that calendar month.
- If that same retiree retired before Jan. 1, 2011, he or she would **not** forfeit the annuity for that month, but the surcharge(s) would be due.
- Retirees who retired AFTER Jan. 1, 2011 and who exceed the equivalent of four clock hours for each work day in that calendar month forfeit their annuity, **and** the employer would owe the surcharge(s). Such retirees are subject to the work limits after retirement if they do not have the required break in service (12 full, consecutive calendar months).
- Retirees who retired after Jan. 1, 2011, who serve the required 12 full, consecutive calendar month break in service, and who work for more than the equivalent of four clock hours for every work day in that calendar month do not forfeit the annuity for that month but the employer will owe the applicable surcharge(s).

We apologize for any confusion that the article, as originally written, may have caused.