

# Chapter 117. Employee Health Benefit Fund Rule<sup>1</sup>

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<sup>1</sup> Chapter 17 was replaced by Travis County Commissioners Court 8/23/2005, item #17.B. Amendments added through 6/21/2016, Item #6. Chapter renumbered at 117 on June 1, 2018 (approved May 15, 2018, Item 7). "Executive Manager" was changed to "County Executive" throughout May 29, 2018, Item 8.

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**Subchapter A. Employee Health Benefit Fund Program**

**117.001 Legal Authority**

- (a) After hearing noticed in compliance with Texas Local Government Code Annotated chapter 157.101 (e), County has established Travis County Code, Chapter 117 by rule.
- (b) Pursuant to its authority Texas Local Government Code Annotated chapter 157, subchapter F, the County is permitted to provide for medical care and hospitalization for employees, either through commercial insurance providers or through a defined self-funded program and to provide insurance for accident, hospital, and disability.
- (c) Pursuant to its authority under Texas Government Code Annotated chapter 2259, the County is permitted to issue bonds for a self-insurance fund and form risk retention groups.
- (d) The Commissioners Court has found and determined that it is in the best interests of County and its taxpayers and citizens to establish and maintain a defined self-funded Employee Health Benefit Fund in amounts that are based upon careful analyses of the possible Claims that may be paid from the Fund.

**117.002 Definitions<sup>2</sup>**

In this chapter:

- (1) "Accident Insurance Coverage" includes an insurance policy issued to cover life, accidental death and dismemberment, and supplemental life insurance.
- (2) "Administrative Expenses" means the direct expenses of administering the Program, including the following:

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<sup>2</sup> Section 117.002 was amended 9/4/2007 (item 9.B).

- (A) The portion of compensation paid to the staff approved by Commissioners Court to implement and administer the Program activities and the management of the Fund;
  - (B) The compensation paid to any Claims Administrator or any Professional Actuary;
  - (C) Any expenses incurred by County in the course of financing undertaken to provide funding for the Fund;
  - (D) Any expenses incurred by County in the course of any financing to repay any obligation incurred by County in the course of such financing; or
  - (D) The cost of Program Insurance, including any compensation paid to brokers
- (3) "Annual Period" means the period of 12 consecutive calendar months beginning on the effective date of the Program and thereafter beginning on each successive anniversary of the effective date of the Program.
- (4) "Benefit Plan Description" means the detailed description of the services covered and the level of coverage including copays, coinsurance, deductibles, maximum coverages, maximum Out-of-pocket, and a detailed description of conditions that are excluded from coverage that is approved by Commissioners Court from time to time.
- (5) "Claim" means any demand for payment of medical care, hospitalization or prescription drugs, regardless of whether any damages resulting from the demand for payment or suit are permitted to be paid from the Fund under this chapter.
- (6) "Claims Administrator" means any Person who provides services for the assessment, investigation, evaluation, and disposal of Claims.
- (7) "Claims Payment Policy" means the procedures detailed in the Program, Benefit Plan Description, and claims administration contract approved by Commissioners Court from time to time.
- (8) "Commissioners Court" means the Commissioners Court of Travis County,
- (9) "County" means the government of Travis County, Texas.
- (10) "County Attorney" means the Travis County Attorney or their designee.
- (11) "County Auditor" means the Travis County Auditor or their designee.
- (12) "Disability Insurance Coverage" includes short-term disability and long term disability.
- (13) "Employee" means any of the following if their salaries are paid from the funds of the County or if they are employees of another governmental entity for which the County is obligated to provide benefits:

- (A) The deputies, assistants and other employees of County who work under Commissioners Court or its appointees;
  - (B) Precinct, county, and district officers and their deputies and assistants appointed under Subchapter A, Chapter 151 of Texas Local Government Code Annotated;
  - (C) The persons in the categories of positions to which the district judges apply this rule in compliance with Texas Local Government Code Annotated, 157.902, including juvenile probation officers, court reporters, County Auditor and their assistants;
  - (D) Any retired person formerly holding any status listed in (m)(l), (2), or (3); and
  - (E) The dependents of any person eligible under (13)(A),(B),(C),or (D), including
    - (i) Surviving spouses of any retired person formerly holding any status listed in (13)(A),(B), and (C); and
    - (ii) Persons who qualify as eligible survivors under Subchapter D, Chapter 615 of Texas Local Government Code Annotated
- (14) "Fund" means the Travis County Employee Health Benefit Fund created by section 117.016.
- (15) "HRMD" means the Human Resources Management Department of County.
- (16) "HRM Director" means the Director of the Human Resources Management Department of County or their designee.
- (17) "Hospitalization Insurance Coverage" includes costs of medical care, hospitalization, and prescription drugs, and specific and aggregate coverages for medical and hospital costs.
- (18) "Law" includes the United States and Texas constitutions and statutes, County regulations, rules, orders. and ordinances, any administrative rules having the force and effect of law, and any controlling judicial decisions applicable to County.
- (19) "Person" includes any natural person, partnership, limited partnership, trust estate, other association, corporation, company, governmental entity or governmental agency.
- (20) "Professional Actuary" means a specialist trained in mathematics, statistics, and accounting who is responsible for rate and reserve calculations and other statistical studies as they relate to insurance matters and who holds the professional designation of F.C.A.S. (Fellow of the Casualty Actuarial Society) or similar designation.

- (21) "Program" means the Travis County Employee Health Benefit Fund Program established by section 117.006.
- (22) "Program Claim" means a request for payment from the Fund for treatment of a condition described as covered in the Benefit Plan Description.
- (23) "Program Insurance" means any insurance (other than the self-funding provided by the Fund) that is obtained by County pursuant to section 117.032.
- (24) "Program Risk" means any of the following risks:
  - (A) The Program Claims for which an Employee has a right to be reimbursed pursuant to the Claims Payment Policy and the Benefit Plan Description,
  - (B) Administrative Costs;
  - (3) Premiums for purchased insurance for accident, hospital, and disability.
- (25) "Risk Manager" means the Person serving as the Risk Manager pursuant to sections 117.012 and 117.030 or their designee.
- (26) "Reserve" means the Travis County Employee Health Benefit Stabilization Reserve created by section 117.033.

**117.003 Construction, Precedents, and Interpretation**

- (a) The Commissioners Court shall resolve any dispute regarding any interpretation of this chapter.
- (b) The singular and plural shall be construed to include the other number as required,
- (c) The masculine, feminine, and neuter genders shall be construed to include the other genders as required.
- (d) The table of contents and headings given to any section of this chapter are for convenience only and shall not be construed to modify or affect the meaning of the chapter.
- (e) This chapter shall be construed liberally to accomplish its purpose.

**117.004 Conflicts with Other Statutory Authority, Rules, and Chapters**

- (a) This chapter shall not operate to repeal or affect any other rule or resolution of the County. To the extent that the provisions of this chapter are inconsistent or conflicting with any other rule or resolution, the Commissioners Court shall resolve the inconsistency or conflict.
- (b) This chapter shall not operate to conflict with the statutory authority of the Travis County Auditor to prescribe a system of accounting for the County or to use their professional discretion in the preparation of external financial

reporting for Travis County such as the Comprehensive Annual Financial Report.

**117.005 Severability**

If any provision of this chapter or the application of it is held to be invalid for any reason, the validity of the remainder of this chapter and the application of it to other Persons and circumstances shall not be affected.

**117.006 Program Established**

County hereby establishes the “Travis County Employee Health Benefit Fund Program” which shall consist of the policies and duties described in this chapter. The Program shall be implemented and administered as provided in this chapter.

**117.007 Authority**

Commissioners Court acting in its capacity as the governing body of Travis County adopts this Program. Travis County adopts this program under the authority of Subchapter F, Chapter 157 of the Texas Local Government Code Annotated and Issuance of Bonds for Self-Insurance Fund; Risk Retention Groups Act; Texas Government Code Annotated chapter 2239.

**117.008 Purpose**

The purpose of the Program is solely to establish policies, procedures, and duties to assist Employees in the administration and processing of Claims of Employees arising out of their medical care, prescription drugs, and hospitalization that are covered by the Benefit Plan Description adopted by Commissioners Court; in the administration of Program Insurance; and in the administration of activities to better manage the Program Risks. County expressly disclaims any liability in excess of that created by law and asserts that sections or portions of this chapter are not intended to, and do not extend that liability in any way.

**117.009 No Admission of Liability for Claims**

By establishing and maintaining the Program, County is not admitting liability for any Claim. County reserves the right to assert any defense that is lawfully available to it against the payment or collection of any Claim.

**117.010 Other Laws Not Affected**

This chapter does not affect the general law regarding sovereign immunity, the Texas Tort Claims Act or a defense, immunity, or jurisdictional bar available to County or an Employee.

**117.011 Effective Date of Program**

The Program is effective at 12:01 a.m. on October 1, 2005, and shall continue in effect until any date subsequently specified by the Commissioners Court.

**117.012 Risk Manager**

- (a) A Risk Manager shall administer the Program.
- (b) The Risk Manager may be a natural person selected by the HRM Director from among the County's administrative staff. or a natural person selected by the HRM Director and the County Executive, Administrative Operations who is hired as a County employee, or a professional risk management service selected and retained by Commissioners Court.
- (c) The Risk Manager shall perform the duties and functions prescribed by this chapter, subject to the superior authority of the HRM Director and the County Executive of Administrative Operations and approval of the Commissioners Court.

**117.013 Powers, Duties, and Functions of Risk Manager Generally**

- (a) The Risk Manager may exercise the powers and shall perform the duties and functions prescribed by this chapter, and any other rule or resolution of County relating to similar matters.
- (b) The Risk Manager may take such actions as are necessary to enable it to exercise the powers and perform the duties and functions delegated to them under this chapter and any other rule or resolution of County that is properly and effectively adopted.

**117.014 Risk Manager to Administer Program**

The Risk Manager under the direction of the HRM Director and the County Executive, Administrative Operations is responsible for the administration of the Program in accordance with this chapter, subject to the approval of Commissioners Court. In carrying out this responsibility. the HRM Director and Risk Manager shall interpret and apply the provisions of this chapter in consultation with the County Attorney.

**117.015 Report to Commissioners Court on Program Status**

- (a) The HRM Director and the County Executive, Administrative Operations shall report to the Employee Benefits Committee on the status and experience of the Program, including the financial status of the Fund: at least quarterly.
- (b) The HRM Director and the County Executive, Administrative Operations shall submit a report to the Commissioners Court on the status and experience of the Program, including submitting information about the financial status of the Fund prepared in consultation with the County Executive, Planning and Budget Office, at least quarterly.

**117.016 Travis County Employee Health Benefit Fund Created**

- (a) The "Travis County Employee Health Benefit Fund" is hereby created.
- (b) The Fund is a medical benefits fund of the County created to provide capital for the Program and the Fund can only be used to pay for medical care or hospitalization or insurance provided under the program as prescribed by the law and this chapter. The County Auditor determines the appropriate accounting treatment for the Fund.
- (c) No Person, including any Employee, other than County, has or is granted any right to any money in the Fund. Employees who are discharged or who end their employment voluntarily have no vested right to any contributions made to the Fund. The Fund shall continue to be used for the benefit of the remaining Employees.
- (d) The Fund shall be maintained at the County's depository bank unless another County rule or resolution or a contract entered into by the County requires the Fund to be maintained elsewhere.

**117.017 Capitalizing the Fund**

- (a) The Fund may be funded with money:
  - (1) Provided by contributions made from time to time by Commissioners Court, from any source available to County, including existing reserves; fund balances; and budgeted, appropriated, and current revenues available to the County; and
  - (2) Provided by contributions from Employees participating in the Program.
- (b) County shall contribute to the Fund.
- (c) Commissioners Court may require Employees participating in the Program to contribute toward payment for the coverages selected by the Employee.
- (d) Employees who elect to participate in the Program must give written authorization to make contributions to the Fund by salary deduction at the time of employment or on the effective date of the rule. An Employee who does not contribute to the Fund may not receive benefits from the Program.

**117.018 Risk Retention Policy<sup>3</sup>**

Subject to budgetary and general economic conditions, County shall insure against Program Risks by setting contribution rates for County and Employees participating in the Program in amounts sufficient to provide for the medical care and hospitalization described in the Benefit Plan Description as determined by a Professional Actuary taking into account the availability and level of capitalization in the Reserve for use if

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<sup>3</sup> Section 117.018 was amended 9/4/2007 (item 9.B).

there is an unanticipated catastrophic experience in a plan Year. In addition, County shall, under the appropriate conditions, obtain Program Insurance with premiums paid from the Reserve.

**117.019 Alteration and Termination of Program**

- (a) Subject to section 117.019(b), the County may alter the Program by rule from time to time or terminate the Program at any time subject to any notice required by law before actions of Commissioners Court.
- (b) County, by contract approved by the Commissioners Court, may limit its right to alter or terminate the Program.

**117.020 Authorized Withdrawal from Fund**

- (a) Money may be withdrawn from the Fund only for the following purposes:
  - (1) To pay any Program Claim resulting from this Fund or from the dissolved Travis County Hospital and Insurance Fund – County Employees that were not paid before its dissolution;
  - (2) To reimburse County for Administrative Expenses;
  - (3) To retire any obligation County has incurred to provide funding for the Fund, whether by scheduled payments, pre-payment, defeasance, or otherwise; or
  - (4) To reimburse County for any payment made under any agreement to provide funding for the Fund if that payment may be re-paid to County pursuant to that agreement, or to cure a default in payment by County under the agreement to the extent and under the terms and conditions provided in the agreement.
- (b) Withdrawals may be made from the Fund only in accordance with the restrictions and limitations established in this chapter.
- (c) Money may not be withdrawn from the Fund to make any of the following payments:
  - (1) The payment of a Program Claim that is not made while this Program is in effect or while the Program under the Travis County Hospital and Insurance Fund – County Employees was in effect in accordance with applicable Claims administration procedures;
  - (2) The payment of all or that portion of any Program Claim, or of any other item for which a withdrawal from the Fund is permitted by 117.020 (a) that, in lieu of payment from the Fund, can be paid from:
    - (A) The proceeds of insurance carried by County, including hospitalization, accident, disability, or workers' compensation;
    - (B) The proceeds of any insurance carried under any health, accident, or similar plan of benefits provided by County; or

- (C) Any fund, reserves other than the Catastrophic Reserves of the Risk Management Fund or other source of payment available to County that has been designated or otherwise set aside for that use;
  - (D) The payment of that portion of any Program Claim:
    - (i) In which the County's liability exists by virtue of the Texas Tort Claims Act, (Texas Civil Practice and Remedies Code Annotated, chapter 101 (Vernon Supp. 1998)), regardless of whether County is a defendant, that exceeds the limits on liability applicable to the County under that statute;
    - (ii) In which County's liability exists by virtue of the Texas Workers' Compensation Act that exceeds the limits on liability applicable to County under that statute; or
    - (iii) for which County has immunity from paying or is precluded by law from paying; or
    - (iv) That exceeds any limits prescribed by this chapter on the amounts of withdrawals that may be made from the Fund to pay Program Claims.
- (3) The payment of any County indirect administrative expense.

**117.021 Control of Withdrawals from the Fund**

- (a) Subject to the restrictions and limitations provided by this chapter, the determination of whether money in the Fund is to be withdrawn or transferred is in the discretion of the Commissioners Court upon recommendation by the HRM Director or Risk Manager.
- (b) Upon recommendation by the HRM Director or Risk Manager and with the approval of the Commissioners Court, a withdrawal from the Fund may be made to pay Program Claims of any claimant that arise from medical care, prescription drugs, or hospitalization. Amounts for these Claims shall be considered routine and shall be submitted to the Commissioners Court for approval on its standing general agenda item for payment of all claims submitted by the County Auditor.
- (c) Claims shall be paid from the Fund in the same manner as provided by law for the payment of other claims of the County.

**117.022 Method of Withdrawal from the Fund**

After approval of the Commissioners Court, withdrawal from the Fund may be made by check or draft drawn or electronic fund transfer on the depository account in which the Fund is maintained.

**117.023 Withdrawal of Fund Surplus<sup>4</sup>**

- (a) If such a declaration is, in the opinion of the Travis County Auditor, in accordance with a comprehensive basis of accounting consistent with state law, the Commissioners Court may declare any amount of money in the Fund that, in the opinion of a Professional Actuary, is in excess of the amount required to maintain the Fund on an actuarial sound basis for the period of time and for the risks of loss for which it is then funded to be a “Fund Surplus.”
- (b) Any declared Fund Surplus may only be withdrawn from the Fund if the Program is terminated and all obligations of the Fund for Claim Payments and Administrative Costs have been satisfied.

**117.024 Limits on the Amount of Withdrawals for Program Claims**

- (a) The maximum amount of withdrawals from the Fund for payment of any Program Claim that may arise out of medical, prescription drug, or hospital expenses to a single Employee shall be stated in the Benefit Plan Description.
- (b) The aggregate amount of withdrawals from the Fund to pay all Program Claims that arise from medical care, prescription drugs, and hospitalization may not exceed the portion of projected paid losses for that Annual Period as determined by a Professional Actuary for which stop loss coverage has not been purchased.
- (c) The aggregate amount of withdrawals from the Fund in any one Annual Period to pay Program Claims may not exceed \$30,000,000 unless the Commissioners Court approves the excess aggregate withdrawal after consideration of the alternative funding mechanisms available that could be used in place of an excess aggregate withdrawal.
- (d) A withdrawal from the Fund that exceeds the limit on aggregate withdrawals prescribed by section 117.024 (a) and (b) may be made if the withdrawal does not render the Fund actuarially unsound as determined by a Professional Actuary.
- (e) If a recommended claim would, in the opinion of a Professional Actuary, render the Fund actuarially unsound, the Risk Manager shall advise the County Executive, Administrative Operations; the County Auditor; and the County Executive, Planning and Budget before authorization for payment of the Claim is sought from Commissioners Court.
- (f) If the Commissioners Court authorizes payment of a Claim, either voluntarily or involuntarily, that would, in the opinion of a Professional Actuary, render the Fund actuarially unsound for either the expected level of paid Claims or

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<sup>4</sup> Section 117.023 was replaced 8/19/2008 (Item 24.A)

the maximum level of paid Claims as selected by the Commissioners Court, the Commissioners Court shall consider whether the level of risk selected by the Commissioners Court should be adjusted and what the level of funding, either expected or maximum, would, in the opinion of a Professional Actuary, restore the Fund to a level that is actuarially sound considering the level of risk selected by Commissioners Court.

After determining the appropriate level of risk and associated level of funding, the Commissioners Court shall provide adequate additional funding in compliance with 117.017 to restore the Fund to a level of funding that is actuarially sound for the level of risk selected by Commissioners Court.

#### **117.025 Investment of Fund<sup>5</sup>**

Upon recommendation of the Investment Manager of County, the Commissioners Court shall direct the investment of money in the Fund in investments that are lawful investments for public funds of County and maintain reports about the investments in accordance with a comprehensive basis of accounting consistent with state law.

#### **117.026 Administration of Program Claims Generally<sup>6</sup>**

- (a) The HRM Director and Risk Manager are responsible for the administration of the Program and Program Claims.
- (b) The Commissioners Court shall approve one or more Claims Administrators to whom the Risk Manager may assign Program Claims. The Risk Manager may allow one or more Claims Administrators to adjust or otherwise administer Claims for the County.
- (c) If a professional claims handling or management service is retained to serve as a Claims Administrator, the contract shall be on a non-exclusive basis, and the contract under which the service is retained shall be made terminable by County upon the expiration of a reasonable term fixed by the Commissioners Court.
- (d) Each Claims Administrator shall be directly responsible to the HRM Director and Risk Manager and shall follow any claims administration policies and procedures established by the Commissioners Court and written financial policies and procedures in accordance with a comprehensive basis of accounting consistent with state law that are established by the County Auditor.

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<sup>5</sup> Section 117.025 was replaced 8/19/2008 (Item 24.A)

<sup>6</sup> Section 117.026 was replaced 8/19/2008 (Item 24.A)

### **117.027 Appeal Process for Denied Program Claims**

Commissioners Court shall create the Appeals Committee in accordance with section 117.050

### **117.028 Defense of Claims**

- (a) The HRM Director or Risk Manager and the County Attorney shall direct the defense of the County in Claims.
- (b) The HRM Director, based upon the recommendation of the Risk Manager and County Attorney, may retain attorneys, experts; and investigators in connection with the defense of any Claim.

### **117.029 Payment of Non-Covered Claims**

Any Claim that County is legally obligated to pay that is not a Program Claim or, if a Program Claim, that exceeds the amount permitted to be withdrawn from the Fund to pay that Program Claim under this chapter, may be paid by County only at such times and from such sources as are required by law.

### **117.030 Risk Management Activities Generally**

The HRM Director and Risk Manager shall engage in the following activities:

- (1) Identify and quantify (to the extent practicable) the risks that have the potential to result in liability for the payment of Claims by County or by Employees due to the scope of their Benefit Plan Description;
- (2) Devise and implement wellness programs designed to address the exposure of the County and Employees to risks identified;
- (3) Develop and maintain for the Commissioners Court an information system in coordination with any existing systems of County for the efficient recording of Program information, including information concerning Claims, expenses covered by the Claims Payment Policy, Administrative Expenses, withdrawals from the Fund, and Program Insurance premiums;
- (4) Analyze the data stored in the information system; and
- (5) Perform such other services as may be specified by the Commissioners Court in cooperation with County Administration

### **117.031 [Elected Officials and Department Heads]**

To promote the efficient and effective administration of the Program especially the Risk Management Activities,

- (1) The various elected and appointed officials and their Employees are encouraged to cooperate with the HRM Director and Risk Manager.

- (2) The department heads and other Employees having administrative responsibilities for County are directed to cooperate with the HRM Director and Risk Manager.

**117.032 Program Insurance**

- (a) Program Insurance may be obtained under the following circumstances:
  - (1) When excess coverage over that provided by the Fund, as specific and aggregate stop loss reinsurance for the Fund, or as first-dollar coverage in lieu of that provided by the Fund (which may result in converting coverage provided by the Fund into excess coverage), is obtainable on a fiscally sound basis in each case: giving consideration to the investment opportunities for the Fund and any shock-loss exposure of County due to the Program Risks;
  - (2) When services that are necessary to effectively administer the Program can be obtained only through purchasing insurance coverage;
  - (3) When County is required by contract or law to obtain the insurance; or
  - (4) When the limitations on coverage under the Fund do not result in long-term economic advantage to County, and the insurance obtained either does not contain or offsets or reduces those limitations.
- (b) Program Insurance shall be obtained from the responsible provider determined by Commissioners Court in compliance with the County Purchasing Act. The provider shall be an insurance company admitted to do business in this state that has a certificate of authority from the State Board of Insurance. A financial quality rating is required, and the insurance provider must be in excellent financial condition as determined by the HRM Director and Risk Manager or an A.M. Best rating.
- (c) When practicable, the remuneration of agents or brokers providing insurance services to County pursuant to this chapter shall be on a fee basis.
- (d) Program Insurance may include insurance coverage for accident, hospitalization, and disability.

**117.033 Travis County Employee Health Benefit Reserve Created<sup>7</sup>**

- (a) The "Travis County Employee Health Benefit Stabilization Reserve" is hereby created.
- (b) The Reserve is a health benefits reserve account in the general fund of the County created to provide capital for the Program and the Fund. The Reserve can only be used to pay for health benefits for employees or retirees and may

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<sup>7</sup> Sections 117.033 through 117.038 were added 9/4/2007 (Item 19.B).

be used to provide funding for the Program. The County Auditor determines the appropriate accounting treatment for the Reserve.

- (c) No Person, including any Employee, other than County, has or is granted any right to any money in the Reserve. Employees who are discharged or who end their employment voluntarily have no vested right to any contributions made to the Reserve. The Reserve shall continue to be used for the benefit of the remaining Employees.
- (d) The Reserve shall be maintained at the County's depository bank unless another County rule or resolution or a contract entered into by the County requires the Reserve to be maintained elsewhere.

**117.034 Capitalizing the Reserve<sup>8</sup>**

- (a) The Reserve may be funded with money provided by contributions made from time to time by Commissioners Court, from any source available to County, including existing reserves; reserve balances; and budgeted, appropriated, and current revenues available to the County.
- (b) County shall contribute to the Reserve.

**117.035 Authorized Transfer from Reserve<sup>9</sup>**

- (a) Money may be withdrawn from the Reserve only for the following purposes:
  - (1) To address unanticipated catastrophic level of Program Claims in a Plan Year;
  - (2) To provide for health benefits for Employees, including retirees.
- (b) Withdrawals may be made from the Reserve only in accordance with the restrictions and limitations established in this chapter.

**117.036 Control of Withdrawals from the Reserve<sup>10</sup>**

- (a) Subject to the restrictions and limitations provided by this chapter, the determination of whether money in the Reserve is to be withdrawn or transferred is in the discretion of the Commissioners Court upon recommendation by the County Executive, Administrative Operations, HRM Director or Risk Manager.
- (b) Upon recommendation by the HRM Director or Risk Manager and with the approval of the Commissioners Court, a withdrawal from the Reserve may be made to pay Program Claims of any claimant that arise from medical care, prescription drugs, or hospitalization. Amounts for these Claims shall be

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<sup>8</sup> Sections 117.033 through 117.038 were added 9/4/2007 (Item 19.B).

<sup>9</sup> Sections 117.033 through 117.038 were added 9/4/2007 (Item 19.B).

<sup>10</sup> Sections 117.033 through 117.038 were added 9/4/2007 (Item 19.B).

considered routine and shall be submitted to the Commissioners Court for approval on its standing general agenda item for payment of all claims submitted by the County Auditor.

- (c) Claims shall be paid from the Reserve in the same manner as provided by law for the payment of other claims of the County.

**117.037 Method of Withdrawal from the Reserve<sup>11</sup>**

After approval of the Commissioners Court, withdrawal from the Reserve may be made by check or draft drawn or electronic reserve transfer on the depository account in which the Reserve is maintained.

**117.038 Investment of Reserve<sup>12</sup>**

Upon recommendation of the Investment Manager of County, the Commissioners Court shall direct the investment of money in the Reserve in investments that are lawful investments for public reserves of County and maintain reports about the investments in accordance with generally accepted accounting principles.

**[117.039 - 117.049 reserved for expansion]**

***Subchapter B. Travis County Employee Health Benefit Fund Internal Administrative Policy and Operating Procedure***

**117.050 Procedure for Invoking the Appeal Process**

- (a) The determination of whether an appeal is to be approved is in the discretion of the panel of the Appeals Committee that considers the appeal.
- (b) Commissioners Court shall establish an Appeals Committee. The Appeals Committee shall be composed of licensed medical practitioners, with knowledge and experience in varied areas of medicine and the Risk Manager. Commissioners Court shall appoint the members of the Appeals Committee as needed to serve until the appointee resigns.
- (c) A panel of three members of the Appeals Committee shall determine each appeal. The Risk Manager shall establish a panel of the Appeals Committee within one business day after receipt of an appeal. Each panel shall include at least one licensed medical practitioner with expertise that is appropriate to the medical issue being appealed. In addition, each panel shall include the Risk Manager. In addition to the members of the panel, there will be a representative of the County Attorney at each appeal hearing. This representative does not have the right to vote on the determination of any

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<sup>11</sup> Sections 117.033 through 117.038 were added 9/4/2007 (Item 19.B).

<sup>12</sup> Sections 117.033 through 117.038 were added 9/4/2007 (Item 19.B).

appeal. Notice of the meeting of a panel of the Appeals Committee shall be posted in compliance with the Texas Open Meetings Act, Texas Government Code Annotated, chapter 551.

- (d) All information provided in any appeal filed and all discussions about any appeal by panels of the Appeal Committee shall be kept confidential.
- (e) Employees shall not file an appeal under this section until all appeal procedures available through the Claims Administrator have been exhausted.
- (f) Appeals must be filed with the Risk Manager at HRMD within 30 days after receipt of a final written denial of benefits from the Claims Administrator. Appeals must be in writing and provide at least the following:
  - (1) The name and the social security number of the employee,
  - (2) The name of the person whose care is being appealed,
  - (3) The name and address of the medical providers involved,
  - (4) A clear statement of the level of service requested and the amount of indemnity requested,
  - (5) A detailed explanation of the reasons that the appeal should be considered,
  - (6) Copies of all documents previously submitted for consideration to the Claims Administrator for review of the Claim,
  - (7) An authorization for release of medical information to the Risk Manager: the panel of the Appeals Committee hearing the appeal. and the County Attorney advising the panel, and
  - (8) An authorization for review and discussion of medical information by the Risk Manager, the panel of the Appeals Committee hearing the appeal, and the County Attorney advising the panel as necessary to hear and determine the appeal.
- (g) Appeals should be enclosed in a sealed envelope or a sealed box and marked "Confidential Appeal" to facilitate maintaining the confidentiality of the information provided. Appeals so marked shall not be opened by anyone except the Risk Manager or the Director of HRMD.
- (h) A panel of the Appeals Committee shall hear the appeal and make a determination about the appeal and issue a written decision with reasons for it within 7 business days of receiving a completed, written appeal. Written decisions of a panel of the Appeal Committee shall not include personal identification information. The Employee filing the appeal may be present and is allowed to present information to the Appeals Committee. The Employee filing the appeal may present information to the Appeals Committee in writing. The Employee filing the appeal may also present information in person at the hearing of the appeal.

- (i) HRMD is responsible for facilitating the hearing process, including setting the time, location, and agenda; posting any notices required by the Texas Open Meetings Act (Texas Government Code Annotated, chapter 551); preparing copies of the appeals for the members of the panel; providing medical expertise as needed by the members of the panel; and providing the clerical assistance for preparation of the written decision of the panel. All personal identification information shall be redacted before distribution to the panel.

**117.051 Practices and Procedures**

- (a) Purpose. This subchapter establishes uniform procedures for handling County medical care, prescription drugs, and hospitalization. Claims and administering accident, hospitalization, and disability insurance coverages.
- (b) Risk Manager. The Risk Manager has the responsibility for the County's risk and insurance management. They shall identify and address all exposures, which could result in financial loss to the County. The Risk Manager shall make changes and adjustments in insurance policies necessitated by reports.
- (c) Budget. The budget for the Fund shall be established as separate division within Risk Management of HRMD and shall only be expended for payment for insurance premiums, self-funded Claims and Administrative Costs, personnel costs, equipment purchases, and other expenses related to the Risk Management administrative function for the Program.
- (d) Self-Funded Medical Care and Hospitalization and Insurance. The following policies shall be observed in determining amounts of risk retention and insurance.
  - (1) Aggregate Insurance. County may reinsure its potential aggregate liability or purchase stop-loss coverage for any amount of potential liability that is in excess of projected paid losses. County may reinsure its potential liability or purchase stop-loss coverage for any amount of potential liability that is less than projected paid losses.
  - (2) Specific Insurance. County may reinsure its potential specific liability or purchase stop-loss coverage for any amount of potential specific liability that is in excess of \$100,000 based on a determination by the Commissioners Court of the most fiscally appropriate manner in which to manage Claims related to individual Employees considering the County's prior Claims experience and the cost of the reinsurance.
  - (3) Accident. It shall be the County's policy to obtain Accident Insurance Coverage to insure with outside carriers accident exposures on a blanket basis, with an agreed amount. Commissioners Court shall determine insurance values for basic coverage for Employees and by request for information from Employees about additional insurance coverage for the Employee and their dependents.

- (4) Hospitalization. It shall be the County's policy to self-fund exposures for medical care and hospitalization less than the amount covered by the aggregate insurance.
- (5) Disability. It shall be the County's policy to obtain Disability Insurance Coverage to insure disability exposures with outside carriers on a voluntary, individual basis at the request of Employees, with an agreed amount. Insurance values shall be determined by information provided by the Employee about the type of insurance desired by the Employee.
- (e) Personal Medical Information. County shall not maintain any information about personal Claims or medical history, except in compliance with the Privacy Regulations and subchapter D.
- (f) Medical information received through the appeals process or through financial auditing of Claims shall be stored by separate, secure, limited access methods.
- (g) Chain of Responsibility
  - (1) The Claim Administrator shall report directly to the Risk Manager.
  - (2) The staff approved by Commissioners Court to implement and administer the Program activities and the management of the Fund shall perform duties as directed by and report directly to the HRM Director and the Risk Manager.
  - (3) These staff shall perform the duties approved by Commissioners Court and proposed changes in responsibility shall be submitted to the Commissioners Court.

**117.052 Responsibility and Authority for Wellness and Loss Control, Loss Prevention, and Self-Insurance Programming**

- (a) Purpose. The purpose of this procedural statement is to outline the responsibilities and authority of the Risk Manager and County departments with respect to implementing the Program.
- (b) Responsibilities of the Risk Manager. The Risk Manager is expected to:
  - (1) Conduct risk assessments and make recommendations to the Commissioners Court about whether to insure fully, self-insure or budget for the Program Risks or to use some combination of these methods;
  - (2) Recommend changes in current County policy about wellness, loss prevention, self-insurance, and insurance coverage when appropriate;
  - (3) Maintain a list of the enrollment of all participants, which is updated weekly;

- (4) Supervise and encourage all wellness and loss prevention activities and cooperate with Employees to establish a health and wellness program.
- (5) Make periodic reports to the Commissioners Court about the current status of the self-funded, insurance, and wellness and loss prevention programs.

**117.053 Responsibilities of Other Personnel**

- (a) Employees shall cooperate with the Risk Manager in their assessment of loss exposures and Claims and in the operation of an effective wellness and loss prevention program.
- (b) The County Attorney shall review all contracts for the Program entered into by the County with the Risk Manager to identify and reduce any contractual liability being assumed by the County and attempt to transfer such liabilities.
- (c) The County Attorney shall further notify the Risk Manager of changes in state statutes which affect County liability under the Program.
- (d) The County Attorney shall also provide legal assistance in the examination of insurance contracts and medical provider contracts entered into by the County.

**117.054 Wellness and Loss Prevention Procedures**

The Risk Manager shall design and manage a workable wellness, health, safety, and loss prevention program with the cooperation of all County department heads and their designated Human Resources liaisons. The purpose of this program is to contain costs. The program will consist of assessing the causes of Claims and losses, developing training programs for Employees and communicating wellness literature to all departments. Department heads will then be expected to have this literature posted or distributed.

The Risk Manager shall make maximum use of the expert services of insurers, medical resources: and departmental Human Resources liaisons whenever possible to develop better wellness, safety, and loss prevention procedures. Training to reduce or eliminate coverage losses is the responsibility of the Risk Manager.

**117.055 Reports to be Kept by the Risk Manager**

The Risk Manager shall keep the following reports:

- (1) An inventory of current enrollees;
- (2) An insurance register, outlining all coverage in force and including premiums, policy numbers, servicing agents, terms of coverage, and expiration dates;
- (3) Premium payment and contribution allocation records;

- (4) Program expenditures;
- (5) Claims costs and an assessment of incurred but not reported Claims;
- (6) Loss records subdivided into aggregate, specific, medical care, prescription drugs, hospitalization, accident, and disability, whether paid from self-insurance funds or under existing insurance policies;
- (7) Subrogation recoveries received from third parties that have injured Employees or are reimbursing for benefits paid; and
- (8) Weekly reconciliation of Claims reimbursements paid to the Claims Administrator from the Fund.

**117.056 Reports to be Provided to County Auditor<sup>13</sup>**

- (a) The Risk Manger shall provide the County Auditor with a financial report prepared in conformity with a comprehensive basis of accounting consistent with state law within seven business days after the last day of each month.
- (b) The Risk Manager shall provide the County Auditor with a claim lag report that shows reported incurred but unpaid claims at the end of the County fiscal year and a report prepared by a Professional Actuary that provides an assessment of incurred but not reported claims, both with sufficient detail to allow the County Auditor to determine the appropriate level of liability to report in the Travis County's financial statements.
- (c) The Risk Manger shall provide the County Auditor with an annual financial statement for the Fund (including footnotes) that is prepared in conformity with a comprehensive basis of accounting consistent with state law for inclusion in the Comprehensive Annual Financial Report for Travis County within 20 days after the last day of the County fiscal year.

**[117.057 - 117.079 Reserved for Expansion]**

***Subchapter C. County Minimum Standards for Program Service Providers***

**117.080 Coverage**

When in question, coverage should be confirmed with the County Attorney to ensure that the medical care, prescription drugs, or hospitalization are covered under Travis County's Benefit Plan.

**117.081 Subrogation**

- (a) The potential for subrogation should be recognized, protected, reported, and pursued by the Claims Administrator.

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<sup>13</sup> Section 117.056 was replaced 8/19/2008 (Item 24.A)

- (b) Quarterly reports on the cases in subrogation; the amounts recovered, and the status of the subrogation must be submitted to the Risk Manager.

**117.082 Settlement Authority**

- (a) All settlement authority lies with Travis County. It is intended that no settlement authority be granted to the Claims Administrator without express written consent of the Commissioners Court.
- (b) The Claims Administrator shall maintain accurate information in the file about efforts to conclude the Claim, offers of settlement made, and responses received. Evidence of settlement authority granted by County and all attempts to settle shall be fully documented in the file.

**117.083 Correspondence**

- (a) The Claims Administrator shall handle inbound correspondence in compliance with its contract with the County.
- (b) Outbound correspondence shall in all cases be in a typewritten or preprinted format and shall represent a prompt response to inbound correspondence or telephone calls.
- (c) Electronic correspondence can be considered "typewritten" if the correspondence is printed and a confirmation of successful transmission is attached to the printed copy.

**117.084 Data Entry**

The Claims Administrator shall handle all data entry in compliance with its contract with the County.

**117.085 Quality Control and Supervision**

The Claims Administrator shall handle Quality Control in compliance with its contract with the County.

**117.086 Litigation Management Policies**

It is the policy of county to assure itself of quality defense for liability cases. Consistent with the policy, and in no way jeopardizing the quality of defense, County seeks to minimize legal expenses by eliminating all unnecessary activity and ensuring the efficient handling of defense Claims. The policies and practices in this chapter describe the guidelines for all outside counsel, if any, retained by County. Through the establishment of long-term relationships between retained counsel and County this counsel can better understand and be responsive to the needs and requirements of County.

***Subchapter D<sup>14</sup>***

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<sup>14</sup> Subchapter D repealed 6/21/2016, Item #6.