1. AUTHORITY
   1.1 Article VI, Section 7a, of the City Charter of the City of Houston.

2. PURPOSE
   2.1 To establish a policy and guidelines for reporting employees who fail to pay the required benefits plan contribution to the benefits provider(s).

3. OBJECTIVES
   3.1 To establish a procedure for timely and systematic identification of employees who have not paid the required benefits plan contribution through payroll deductions or the Direct Pay Program.
   3.2 To temporarily stop or permanently suspend benefits coverage in the City’s payroll system and with the benefits provider, in order to minimize the City’s potential liability for unpaid contributions and ineligible expenses.

4. SCOPE
   4.1 This Administrative Procedure is applicable to all City of Houston departments, divisions, and employees, including employees on unpaid leave according to provisions of the Family and Medical Leave Act, and on military leave.

5. POLICY
   5.1 Employees are eligible for benefits coverage according to provisions of the contract with the current benefits provider(s). Employees are covered for benefits coverage as long as they meet eligibility requirements under the benefits’ plans and pay the required contribution.
   5.2 Except for employees in an unpaid status, employees’ contributions for benefits are automatically deducted from employees’ gross bi-weekly pay twenty-four times per year.
   5.3 When employees miss a payment, benefits coverage is terminated. Employees may remit payment for missed contributions to the City within the time specified in the Human Resources Department’s written notice of unpaid benefits contributions. Until then, benefits coverage will not be reinstated.
5.4 Employees are eligible for reinstatement of benefits coverage as prescribed below.

6. PROCEDURE

6.1 The Human Resources Department (HR), Benefits Division shall:

6.1.1 Reconcile the Benefits Deduction Not Taken Detail Report each pay period with the Direct Pay Program to identify employees who have not paid the required contribution;

6.1.2 Immediately notify the benefits provider the first time an employee is unable to pay the required contribution and his/her name appears on the Benefits Deduction Not Taken Detail Report or the employee has not paid contributions through the Direct Pay Program;

6.1.3 Immediately notify the affected employee(s) at address of record by regular mail that benefits coverage has been suspended and advise employee(s) of steps to reinstate coverage. The affected employees’ department may retrieve from the City’s payroll system a biweekly payroll report that lists departmental employees who have not had deductions of contributions for benefits coverage;

6.1.4 Use an employee’s completed Medical/Dental Election Form to reinstate coverage and to initiate contributions as requested by the employee, if all eligibility criteria are met; and

6.1.5 Prepare manual payroll deductions upon request from the employee and/or employee’s department HR/Payroll Representative. One-time deductions may be entered to satisfy missed contributions. Notification to reinstate an employee’s coverage is sent to the benefits’ provider(s).

6.2 Employee

6.2.1 Upon receipt of written notice from the Human Resources Department, Benefits Division, the employee must arrange to pay contributions through a one-time payroll deduction or a cashier’s check/money order to the City of Houston Health Benefits Fund in order to maintain or reinstate coverage as prescribed in the plan document. Failure to arrange to satisfy the unpaid contribution, upon receipt of written notice, will be deemed an election by the employee to terminate benefits coverage, or for benefits coverage to remain terminated. Coverage may be reinstated only according to eligibility requirements prescribed in the plan document.

6.3 Terminated Employee

6.3.1 This policy is not applicable in the event an employee is eligible for benefits under provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). In such cases, HR shall comply with all applicable laws and regulations regarding notice and continuation of benefits under COBRA.