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NY07-45

TO: State Agency Health Benefits Administrators

FROM: Employee Benefits Division

SUBJECT: Option Transfer for the 2008 Benefit Year; Changes for 2008 Pretax Selection and Domestic Partner Federal Qualification Periods.

DATE: October 25, 2007

This memo includes items specific to this option transfer period. Refer to Chapter Five of the HBA Manual for general issues to be considered during each annual option transfer period.

MyNYSHIP Functionality to Include Option Transfers for 2008 Plan Year

Beginning with the upcoming Option Transfer Period for the 2008 plan year, active New York State employees will be able to process Option Transfers online through MyNYSHIP. Refer to memo NY07-39. All other health insurance changes must continue to be submitted to the agency HBA for processing.

Visit EBD Online at www.cs.state.ny.us for up-to-date information on Option Transfer and the 2008 rates.

Year 2008 Benefit Plan Effective Dates

The effective dates for Benefit Plan changes are:

12/27/07 for Administration payroll employees

1/03/08 for Institution payroll employees

In order to avoid retroactive premium adjustments, Benefit Plan change transactions must be entered by agencies on Administration payrolls no later than 12/11/07. Institution agencies must enter Benefit Plan change transactions no later than 12/18/07. Lag Exempt agencies must enter Benefit Plan change transactions no later than 11/27/07.

Transaction Type During Open Enrollment	Date of Request = Signature Date on PS 404	Transaction Effective Date
Benefit Plan Change Action/Reason (PLN/CHG)	11/1/07 to 11/30/07* *If approval of rates is after 11/1/07, then enrollee will have 30 days from date of approval	For Administration: December 27, 2007 For Institution: January 3, 2008

HMO changes

New enrollments will be accepted for Aetna for plan year 2008.

For 2008: Blue Choice, CDPHP (all plan options) and MVP (plan option 060 only) will offer a Medicare Advantage Plan for Medicare-primary enrollees.

A decision has been made to phase out the HMO Enrollment Form for **all active employees**.

Change in Health Insurance Coverage during Open Enrollment Period

To make a health insurance coverage change for the following PTCP Plan Year, the enrollee currently in PTCP must complete a PS-404 and submit it to their HBA prior to *November 30, 2007. You must enter the **CCO/OPN** or **CAN/OPN** on NYBEAS using the dates of request on the PS 404.

Remember- If coverage is being changed between spouses; coordinate the dates with the other spouse's HBA before submitting transactions.

In order to avoid retroactive premium adjustments, Changes of coverage transactions must be entered by agencies on Administration payrolls no later than 12/11/07. Institution agencies must enter no later than 12/18/07.

Transaction Type During Open Enrollment	Date of Request = Signature Date on PS 404	Transaction Effective Date
Change of Coverage to Individual (CCO/OPN) or Voluntary Cancel (CAN/OPN)	11/1/07 to 11/30/07* *If approval of rates is after 11/1/07, then enrollee will have 30 days from date of approval	For Administration: December 27, 2007 For Institution: January 3, 2008

*** Note:** Changes to family coverage (CCO) without a qualifying event are still subject to a late waiting period and should be keyed in the order of transaction effective dates.

Pre-Tax Contribution Program (PCTP) Procedures

Below is the agency operating procedures for your use. A designated fact sheet for employees is included as Attachment A and should be posted at work sites. **Important!** IRS Regulations are very specific for changes in PTCP status.

Submitting Changes for Tax Status Election

If the NYSHIP enrollee is currently enrolled in PTCP for the 2007 Plan Year and wishes to opt out of PTCP for the 2008 Plan Year, or is not enrolled in PTCP and wishes to opt in for Plan Year 2008, the enrollee must complete a PS-404 and return it to his/her HBA, postmarked no later than November 30, 2007. Hand-delivered PS-404s should be date-stamped upon receipt.

Send a copy of the PS-404 to EBD in an envelope clearly marked with your agency code and the word PRETAX on it by November 30, 2007. If you send forms to EBD after November 30, 2007, you must include proof of timely request by the enrollee (i.e. an envelope postmarked on or before November 30, 2007). Submission of this form will effect a change in the PTCP status for the Plan Year 2008. These are to be keyed by EBD only.

The requested changes in PTCP status (pretax or post tax) will impact the first payroll deduction for 2008;

12/26/07 for Administration payrolls

1/3/08 for Institution payrolls

Domestic Partner Qualification Reporting Period

The annual Domestic Partner Federal Qualification reporting period also runs from November 1 through November 30. If the approval of rates is after 11/01/07, enrollees will have 30 days from the date of approval. Enrollees who are eligible to change the federally qualified status of their domestic partner must submit a PS425.3 – Dependent Tax Affidavit, to their HBA requesting the change in federally qualified status. This period will not be extended. **Follow the Pre-tax submission procedures reflected above when sending the PS425.3.**

The requested changes in Domestic Partner Federal Qualification reporting will impact the first payroll deduction for 2008.

12/26/07 for Administration payrolls

1/3/08 for Institution payrolls

Pre-Tax Contribution Program (PTCP) Fact Sheet
(Please Post This Information Prominently)

Under the Pre-Tax Contribution Program (PTCP), you may have your share of your health insurance premium deducted from your gross wages before taxes are withheld. This program may lower your taxes.

Who is Eligible

If you are an active State employee who receives regular payroll checks and has health insurance premiums withheld from your paycheck, you are eligible to participate in the PTCP. You will not be eligible to participate in PTCP if you pay for your health insurance directly instead of by payroll deduction (for example, if you are on Leave Without Pay (LWOP)).

Tax Savings

Making your contributions to your health insurance premium on a before tax basis (contributions are made before taxes are withheld) effectively reduces your salary by the amount of your contribution. Therefore, you pay taxes based on a lower salary. These salary-based taxes include Federal income taxes, Social Security taxes, and most State and local income taxes. (If you live in New Jersey or in Erie, Philadelphia or Pittsburgh, Pennsylvania, you are not allowed to reduce your State or local taxable income by the amount of your health plan contribution. If you live in these areas, only your Federal income taxes and Social Security taxes will be affected.) The amount you save in taxes will depend on the amount of your income, your premium and the number of withholding allowances that you claim on your taxes. Contact your tax professional for advice on how participation in PTCP will affect you.

Automatic Deductions and Opt-Out Period

If you are eligible for PTCP, you will be enrolled automatically in the Program unless you file a PS-404 Form with your agency Health Benefits Administrator indicating that you decline to participate. New employees who want to opt out must do so at the time they enroll for health insurance coverage. Once enrolled in NYSHIP, if you want to opt out, you must do so for each tax year by the designated Pre-Tax Selection Period deadline. For example, to opt out of PTCP for the 2008 Plan Year, you must complete the PS-404 and return it to your HBA, no later than November 30, 2007.

Domestic Partners: Not Eligible for Pre-Tax

Under IRS pre-tax rules, unless a domestic partner qualifies as a dependent for income tax purposes under Section 152 of the Internal Revenue Code, a domestic partner is not a federally-qualified dependent and coverage cannot be provided on a pre-tax basis. Therefore, if you cover your non-federally qualified partner, the portion of the premium you pay for Family health insurance coverage must be taken on a post-tax basis.

Changes Permitted for PTCP Enrollees Outside of November Election Period

Under Internal Revenue Service (IRS) regulations, if you participate in PTCP, you may change your health insurance deduction only when one of the following PTCP qualifying events occurs:

- You have a change in family status (e.g. marriage, birth, death, legal separation, divorce, attainment of the maximum coverage age in the case of a dependent child, or other loss of dependent eligibility).
- You are enrolled in an HMO and move out of that HMO's service area and you must choose another HMO or the Empire Plan.
- Your spouse loses his/her coverage due to termination of employment and you apply for coverage for your spouse under NYSHIP.
- You first become eligible for health coverage on or after January 1, 2008.
- Your employment with the State terminates, or you retire.
- Your spouse has a change in employment status, which results in either acquiring or losing eligibility for health insurance coverage.
- You receive a divorce/legal separation and are required under a court order to provide health insurance coverage for your eligible dependent children.
- There is a significant change in your or your spouse's health coverage, which is attributable to your spouse's employment.

IRS Regulations: Arbitrary Changes Not Permitted During the Year

Internal Revenue Service (IRS) regulations require an employer to take a fixed pre-tax contribution toward an employee's coverage throughout the PTCP year unless a qualifying event or a significant change in your spouse's employment occurs. Changes that do not stem from a qualifying event are defined by the IRS as arbitrary health insurance coverage changes. These arbitrary changes in health insurance coverage cannot change the amount of your health insurance deduction.

BENEFIT PLAN CODES

Consult the 2008 Health Insurance CHOICES guide for further information on the specific service area for each HMO.

For HMOs with more than one code, please verify the correct service area.

Option	Health Insurance Plans
001	Empire Plan
050	HIP Health Plan of New York
057	Univera Healthcare
066	Blue Choice
072/160	HMO Blue
058	Preferred Care
059	Independent Health
060/330/340	MVP Health Care
063/300/310	Capital District Physician's Health Plan
067	Community Blue
210	Aetna
220/350	GHI HMO
280/290/320	Empire Blue Cross Blue Shield

2008 Program Dates		WED Adm THURS Inst (Paycheck #1)	NYBEAS Begin Effective Date	Keying Window	Employee Request Date = Signature Date
PreTax (EBD only)	Inst	1/3/2008	1/3/2008	12/6/07-12/18/07 (EBD only)	11/1/07-11/30/07
	Admin	12/26/2007	12/27/2007	11/29/07- 12/11/07 (EBD only)	11/1/07-11/30/07
CAN/OPN	Inst	1/3/2008	1/3/2008	11/8/07-1/15/08	11/1/07-11/30/07*
CCO/OPN	Admin	12/26/2007	12/27/2007	11/8/07-1/15/08	11/1/07-11/30/07*
Benefit Plan Changes	Inst	1/3/2008	1/3/2008	11/8/07-1/15/08	11/1/07-11/30/07*
	Admin	12/26/2007	12/27/2007	11/8/07-1/15/08	11/1/07-11/30/07*

*If approval of rates is after 11/1/07, then enrollee will have 30 days from date of approval