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**PA 09-24**

**To:** Participating Agency Health Benefit Administrators

**From:** Employee Benefits Division

**Subject:** New York State Health Insurance Program (NYSHIP) Dependent Eligibility Verification Project

**Date:** August 14, 2009

The following is an update on the Dependent Eligibility Verification Project, which includes the Special Amnesty Period and the Dependent Eligibility Verification Period.

### **Special Amnesty Period**

The last day to remove ineligible dependents during the Special Amnesty Period was June 12, 2009. In order to ensure that all forms postmarked by June 12<sup>th</sup> were processed, Budco Health Service Solutions (the vendor contracted to administer this project) processed forms received through June 23, 2009. Dependents were removed from coverage effective July 1, 2009. Forms received after June 23, 2009, will not be processed; the dependent will not be removed from coverage and will be included in the Dependent Eligibility Verification Period.

### **Communications**

#### **1. Disposition Letter (copy enclosed)**

Budco mailed a disposition letter to enrollees that removed a dependent during the Special Amnesty Period. The letter confirmed the dependents that were removed from coverage.

- Letters were mailed between 6/22/09 and 6/26/09 for Special Amnesty Forms received by 6/12/09
- Letters were mailed on 7/13/09 for Special Amnesty Forms received between 6/13/09 and 6/23/09

If a dependent was removed from coverage in error, the enrollee must call Budco to have the dependent added back to coverage and included in the Verification Period. The number to call Budco is:

**1-888-358-2198 (Please note this is a change from the phone number given during the Special Amnesty Period).**

## **2. Continuation of Coverage (COBRA)**

Each individual Participating Agency will need to determine if it will offer COBRA to dependents removed during the Special Amnesty Period or Dependent Eligibility Verification Period. If a decision is reached by the Participating Agency to offer dependents' COBRA, the Participating Agency is responsible for providing COBRA eligibility and enrollment information to these dependents.

NYS is offering COBRA coverage to dependents of NYS enrollees removed from coverage during the Special Amnesty Period or during the Dependent Eligibility Verification Period. These dependents have 60 days to apply for COBRA coverage from the date the COBRA notice was mailed.

## **3. Pre-Tax Premium Contributions**

New York State employees are eligible to participate in the Pre-Tax Premium Contribution Plan (PTCP) which allows health insurance premiums to be deducted from their paychecks on a pre-tax basis. Under Section 125 of the IRS regulations, which govern plans such as this one, changes in Pre-Tax contributions may only be made when there is a qualifying event. The Department has determined that removal of a dependent during the Special Amnesty Period or the Dependent Eligibility Verification Period is not a Qualifying Event which would allow a change in the enrollee's pre-tax premium contribution under the PTCP. Consequently, if a State employee participates in the PTCP with family coverage and the only enrolled dependent is removed from coverage as a result of the Dependent Eligibility Verification Project the employee's payroll deduction will continue at the contribution level for family coverage.

If your agency offers a similar program to employees, it is your agency's responsibility to ensure that all applicable IRS requirements are followed when the removal of a dependent from coverage results in a change in coverage from Family to Individual.

## **NYBEAS Processing**

Dependent delete and change in coverage (when removing last dependent) transactions were processed on NYBEAS on the following dates:

- 6/24 , 6/25/09, 7/1/09, 7/15/09 and 7/16/09

HBA's will receive notification of dependents removed from coverage on their regular Monthly transaction listings. The transactions will appear on NYBEAS as follows:

- Source ID (Events Panel)
  - DEP/DEL = DEASAM
  - CCO/OPN = will be blank
- User ID (Events Panel and Job Panel)
  - DEP/DEL = DEASAM
  - CCO/OPN = DEASAM

## **Dependent Eligibility Verification Period**

The Dependent Eligibility Verification Period will run for 90 days, from **August 28, 2009 through November 25, 2009**. During this time, enrollees will be required to submit documentation to verify the eligibility of each of their dependent(s) covered under NYSHIP as of February 1, 2009 using the list of required documents provided by Budco. Failure to provide sufficient proof will result in the removal of the dependent from coverage effective February 1, 2009.

Please encourage your enrollees to respond to Budco when they receive their Dependent Eligibility Verification packets. Enrollees can call Budco starting in September at **888-358-2198** between 12:00 p.m. – 8:00 p.m. EST, Monday through Friday with any questions about dependent eligibility verification requirements, including dependent eligibility and acceptable documentation.

If an enrollee does not respond to Budco's request for documentation, or Budco determines that a dependent is not eligible for coverage based on the documentation provided to them, the dependent will be removed from coverage effective February 1, 2009. The enrollee will be responsible for repaying claims paid under NYSHIP for those dependents that were removed as early as the date the dependent was first added to coverage.

## **Appeals**

Once the enrollee receives their final disposition letter, the enrollee will have 30 days to appeal the removal of the ineligible dependent directly to Budco. Instructions will be included in the verification period disposition letter. Once the 30 days have passed, enrollees will need to contact their HBA to have eligible dependents reinstated to coverage. Enrollees will be subject to the same documentation requirements as during the Dependent Eligibility Verification Project. To determine a dependent's eligibility, HBA's should refer to the eligibility worksheets and required documentation. This documentation is included with this memo.

## **Communications**

1. **Dependent Eligibility Verification Packets** will be mailed to enrollees between August 27, 2009 and September 4, 2009. The packets will include (copies enclosed):

- A letter to the enrollee about the Dependent Eligibility Verification Period
- A Dependent Eligibility Confirmation Form which will list the enrollee's dependents not removed during the Special Amnesty Period
- An eligibility worksheet to determine the eligibility of each dependent, and
- A full list of documents that enrollees will be required to submit directly to Budco to prove the eligibility of each dependent

Enrollees will be required to submit copies of documents outlined in the Dependent Eligibility Verification packet. **Enrollees should not submit original documents; original documents will not be returned.**

2. Budco will send a **Status Letter** approximately three weeks after documentation is submitted by the enrollee to confirm the status of each dependent:

**Eligible -** Documentation submitted by the enrollee has been reviewed and the dependent has been deemed eligible for coverage under NYSHIP as of February 1, 2009

**Ineligible -** The enrollee reported on the Dependent Eligibility Confirmation Form that the dependent is ineligible; the dependent will be removed from coverage effective February 1, 2009

**Incomplete -** The documentation received does not prove the eligibility of the dependent; additional documentation must be provided

A new **Status Letter** will be generated each time the enrollee submits additional documentation.

3. In mid-to-late October a **Non-Responder Postcard** will be mailed to enrollees who have not yet submitted any documentation to remind the enrollee that documentation must be received by Budco no later than November 25, 2009; otherwise, the dependent will be removed from coverage effective February 1, 2009.
4. In late December a **Final Disposition Letter** will be mailed to enrollees to confirm the final status of each dependent:

**Eligible -** Documentation submitted by the enrollee has been reviewed and the dependent has been deemed eligible for coverage under NYSHIP as of February 1, 2009

**Ineligible -** The enrollee reported on the Dependent Eligibility Confirmation Form that the dependent is ineligible **or** the documentation submitted by the enrollee was not sufficient to prove the dependent's eligibility (previous status of **Incomplete**); the dependent will be removed from coverage effective February 1, 2009

5. A notice regarding **Imputed Income** will be sent to enrollees in December 2009 or January 2010 who had an ineligible dependent removed from coverage either during the Amnesty Period or Verification Period, advising the enrollee that this coverage may have resulted in additional tax liability for prior tax years. The notice states that neither the Department nor their HBA is able to provide advice in this matter and recommends that the enrollee contact the IRS or consult a qualified tax professional. The Department will provide the enrollee with a table of imputed income for calendar years 2006, 2007, 2008, and 2009.

### **NYBEAS Processing**

Dependent delete and change in coverage (when removing last dependent) transactions will be processed on NYBEAS in late December, 2009. The exact processing dates will be confirmed for HBA's through a broadcast message. HBA's will receive notification of dependents removed

from coverage on their regular monthly Transaction listings. The transactions will appear on NYBEAS as follows:

- Source ID (Events Panel)
  - DEP/DEL = DEASAU
  - CCO/OPN = will be blank
- User ID (Events Panel and Job Panel)
  - DEP/DEL = DEASAU
  - CCO/OPN = DEASAU

### **Transaction Processing Guidelines**

HBA's should adhere to the following guidelines when processing requests from enrollees to remove a dependent from coverage during the Dependent Eligibility Project:

- Loss of eligibility occurred after February 1, 2009
  - Process according to NYSHIP rules, and;
  - Inform enrollee that they must also respond to Budco to verify the eligibility of the dependent as of February 1, 2009 to remain covered through the date the dependent is terminated from coverage.
- Loss of eligibility occurred before February 1, 2009
  - Generally, you should advise the enrollee to remove the ineligible dependent from coverage by submitting the **Dependent Eligibility Confirmation Form** directly to Budco. If there are extenuating circumstances that warrant removal of the dependent from coverage prior to February 1, 2009, contact your processor at the Employee Benefits Division for further instruction.

### **Additional Information**

Visit the dedicated Dependent Eligibility Verification Project website at [www.cs.state.ny.us/nyshipeligibilityproject](http://www.cs.state.ny.us/nyshipeligibilityproject) for updated information on the Project. The website will be updated regularly and will include copies of all enrollee communications.

The Department of Civil Service hosted a Webinar on the Dependent Eligibility Verification Period on Wednesday, August 12, 2009. If you were unable to attend the live Webinar, it will be available on-line at [www.cs.state.ny.us/nyshipeligibilityproject](http://www.cs.state.ny.us/nyshipeligibilityproject).

If you are planning to distribute separate communications regarding the project to your employees, contact your processor at least 3 – 5 days prior to sending the communication.

- Communications do not need Department approval, but a copy of the communication should be provided to your processor at least three days prior to distribution
- Include your name, agency name, agency code and the number of employees that will receive the communication

Thank you for your continued support with this project.

Enclosures

FAQ's

Unique Eligibility Situations

Enrollee Amnesty Disposition Letter

Enrollee Dependent Eligibility Verification Letter and Confirmation Form

Status Letter

EL2 - For PA enrollees from agencies that do NOT offer Domestic Partner Coverage

EL5 - For PA enrollees from agencies that DO offer Domestic Partner Coverage

## Frequently Asked Questions

- Q. The enrollee removed their 23 year old child from coverage during the Special Amnesty Period but the insurance carrier is refusing to pay their claim from April, 2009. How come?**
- A.** Insurance carriers require proof of full time student status before they will pay the claim. The Special Amnesty Period protects enrollees against repaying claims already paid by the insurance carrier; it does not apply to claims not yet paid.
- Q. The enrollee just submitted documentation of the full time student status to the insurance carrier for their 23 year old child. Does the enrollee also have to submit the documentation to Budco?**
- A.** Yes. The enrollee must submit the documentation to the insurance carrier in order for the claim to be paid. The enrollee must also submit the required documentation to Budco as part of the Dependent Eligibility Verification Project.
- Q. What if an enrollee asks why they have to submit documentation that was previously provided to their HBA?**
- A.** HBAs should explain that a dependent's eligibility for coverage may change over time. In addition, the rules for providing proof of coverage have changed over the years. This project will help to ensure that only eligible dependents are receiving benefits.
- Q. What if an enrollee gives their HBA the dependent eligibility proofs required for this project?**
- A.** The HBA should not accept dependent eligibility proofs in connection with this project. The enrollee must submit the proofs directly to Budco. This will eliminate delays in Budco receiving the information.
- Q. What if an enrollee states they already submitted documentation during the Special Amnesty Period?**
- A.** The enrollee will have to resubmit the documentation to Budco.
- Q. What will happen if the enrollee does not respond to Budco's request for documentation?**
- A.** The dependent will be removed from coverage, effective 2/1/09. If, at a later date, the enrollee can prove the eligibility of the dependent, the dependent can be added back. HBAs will receive further direction from the Department on this issue in the future.
- Q. What if an enrollee's dependent has a qualifying event that causes the dependent to lose coverage during this project?**
- A.** Enrollees should continue to report all qualifying events that occur 2/1/09 or later to their HBA. The HBA should process the transaction as normal. For example, removal of a recently divorced spouse.

- Q. What if an enrollee reports that they forgot to remove an ineligible dependent or did not realize their dependent was not eligible?**
- A.** Enrollees requesting to remove ineligible dependents where there is no current qualifying event (occurred prior to 2/1/09) should be referred to Budco to remove the dependent using the Dependent Eligibility Confirmation Form.
- Q. What if the enrollee states that they do not have any of the proofs available on the Required Documentation List?**
- A.** Instruct the enrollee to contact Budco to see if there is alternative acceptable documentation. In rare circumstances, Budco will refer the case to the Department of Civil Service for a final determination.
- Q. An enrollee wants to verify that Budco received his request to remove his ineligible dependent during the Special Amnesty Period. What if the enrollee insists that the form was mailed to Budco but Budco has not record of receiving it?**
- A.** The enrollee should call Budco directly to confirm if his request to remove the ineligible dependent was received and processed. If Budco has no record of receiving the request and the enrollee insists the request was submitted timely, the case will be referred to the Department of Civil Service for a determination.
- Q Will the Dep/Del transaction appear on HBA worklists also?**
- A.** No this information will not show on a worklist. It will appear on the regular monthly Transaction listing.
- Q. Is a passport acceptable to prove the relationship of the child (in lieu of a birth certificate)?**
- A.** A passport is not an acceptable proof in lieu of a birth certificate for dependent children as it does not prove the parent/child relationship.
- Q. What proof can be provided if an enrollee and spouse do not file taxes jointly and cannot prove joint ownership?**
- A.** The enrollee should contact Budco to see if there are alternative documents that the enrollee can provide to prove the marital relationship.
- Q. Will ineligible dependents covered by a National Medical Support Order (NMSO) be removed from coverage?**
- A.** No, the enrollee will be advised on their Dependent Eligibility Confirmation Form that the dependent is covered under a NMSO and cannot be voluntarily removed from coverage and is not subject to dependent eligibility verification.



- Q. If a dependent became ineligible after 2/1/09 and was removed from NYBEAS, will the dependent still be listed on the confirmation form? If yes, what is the enrollee required to do for that dependent?**
- A.** DCS will periodically advise Budco of dependents who are removed from the Project based on losing eligibility through a qualifying event that occurred after 2/1/09. The dependent still may appear on the confirmation form. An enrollee can also call Budco to verify whether or not that dependent has been removed from the Dependent Eligibility Verification Project. Depending on the timing of the qualifying event, the enrollee should still submit that required documentation for that dependent to prove eligibility as of 2/1/09.
- Q. Why do the domestic partner proofs have to be dated between 11/1/08 and 2/1/09? One of my employees is concerned about this requirement as their wills and health care proxies have been done years ago and they do not have a mortgage, car payment, credit cards, etc.**
- A.** For the purpose of this project the enrollee is asked to provide proof of their dependent's eligibility effective 2/1/09. DCS has determined that we can accept documentation dated anytime within the quarter prior to 2/1/09 to prove eligibility for all dependent types. If an enrollee does not have documentation dated between 11/1/08 and 2/1/09 the enrollee should call Budco to see if there is acceptable alternative documentation which can be provided.
- Q. Will the scanned proofs of eligibility documents be made available to HBAs? If so, when?**
- A.** DCS will receive electronic copies of all proofs of eligibility submitted to Budco by the enrollee. DCS is exploring the feasibility of making this information available to HBAs.
- Q. For Domestic Partners, is joint ownership in a Time Share acceptable proof of financial interdependence?**
- A.** Yes, joint ownership in a Time Share qualifies as proof of financial interdependence from List A.
- Q. If a domestic partner was listed incorrectly as spouse, will the enrollee be subject to imputed income once the relationship is corrected on NYBEAS?**
- A.** Yes, the enrollee will be subject to imputed income for the period of time the dependent was a domestic partner.
- Q. Is same sex marriage in a qualifying state enough proof for domestic partner eligibility?**
- A.** Same sex marriage performed in a state that allows such a marriage is recognized as any other marriage for NYSHIP eligibility purposes. The enrollee must submit proof of the spousal relationship.
- Q. Are the proofs for new enrollees also changing?**
- A.** At the conclusion of this Project DCS will be reviewing its policies and procedures regarding dependent eligibility. In the mean time, HBAs should follow existing guidelines.

## Unique Eligibility Situations

### 1. Spouse

Enrollee and spouse do not file taxes together and filing status is “single”. Own no joint assets. (Most commonly occurs when an enrollee and spouse are legally separated).

#### Resolution

Refer enrollee to Budco’s Call Center. Budco will inform enrollee to submit copy of marriage certificate or legal separation agreement and copy of affidavit (enrollee will be informed where to obtain the affidavit on the website or provided copy of affidavit to complete)

### 2. Domestic Partner

Required to submit proofs dated between November 1, 2008 and February 1, 2009. Enrollees may not have current proofs. For example, a health care proxy may have been executed 2 years ago but is still currently in effect

#### Resolution

Refer enrollee to Budco’s Call Center. Budco has worked with the Department to establish alternative acceptable proofs of eligibility and evaluate the eligibility of the enrollee’s domestic partner.

### 3. Domestic Partner’s Children

Domestic Partner’s natural-born or legally adopted child is categorized as an “other” child on NYBEAS.

#### Resolution

Enrollees do not have to prove the “other” child relationship. Must prove eligibility of domestic partner and relationship of domestic partner’s natural-born or legally adopted child

### 4. Dependent Listed with Wrong Relationship

The dependent is listed as a spouse but is actually the enrollee’s domestic partner.

#### Resolution

If the enrollee originally requested to add their dependent to coverage as a domestic partner, but the HBA added them as a spouse in error, the enrollee will be instructed by Budco to submit domestic partner eligibility proof for 2/1/09. Budco will confer with DCS who will make the final determination and update the relationship on NYBEAS, as appropriate.

## 5. Dependent Listed with Wrong Relationship

A spouse was removed during the Special Amnesty Period because the enrollee was not really married and now the enrollee is submitting proof of the domestic partnership to the HBA

### Resolution

The HBA should evaluate the proofs of the newly established domestic partnership and make sure applicable waiting periods are met. The domestic partner should be added as a new dependent.

## 6. Disabled Dependent Child

Disabled dependent child will be flagged with three asterisks (\*\*\*) on the Dependent Eligibility Confirmation Form.

### Resolution

The following message will appear:

\*\*\* ***Our records indicate this dependent is certified as a disabled dependent. Documentation for proof of disability is not required however, documentation of eligibility as a dependent child is required.***

## 7. National Medical Support Order

Dependent covered by a NMSO will be flagged with two asterisks (\*\*) on the Dependent Eligibility Confirmation Form.

### Resolution

The following message will appear:

\*\* Our records indicate that this dependent is covered under a National Medical Support Order and cannot be voluntarily removed from coverage and is not subject to dependent eligibility verification. Any revised court documents or questions regarding a National Medical Support Order must be directed to your agency Health Benefits Administrator.