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SEHP 09-12

To: Student Employee Health Plan Agency Health Benefits Administrators

From: Employee Benefits Division

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

Date: June 29, 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 post marked by June 12th are processed, Budco Health Service Solutions (Budco – the vendor contracted to administer this project) will process forms received through June 23, 2009. Dependents will be removed from coverage effective June 13, 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 will mail a disposition letter to enrollees that removed a dependent during the Special Amnesty Period. The letter will confirm the dependents that have been removed from coverage.

- Letters will be mailed between 6/22/09 and 6/26/09 for Special Amnesty Forms received by 6/12/09
- Letters will be 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:

- On or before 7/3/09: 1-888-358-**2196**
- After 7/3/09: 1-888-358-**2198**

2. Continuation of Coverage (COBRA)

Dependents removed from coverage during the Special Amnesty Period are eligible for continuation of coverage under COBRA. *Dependents are not eligible for the ARRA COBRA premium subsidy.*

- The Department of Civil Service will mail COBRA applications to all dependents removed during the Special Amnesty Period between June 24, 2009 and July 17, 2009.

The completed application must be returned within 60 days of the date on the letter. Full payment of premium retroactive to June 13, 2009 will be due within 45 days of returning the application to the Department.

3. Pre-Tax Contribution Program (PTCP)

For employees enrolled in the Pre-Tax Contribution Program, Section 125 of the IRS code states that a change in coverage from Family to Individual can only be made when there is a qualifying event. The removal of a dependent during the Special Amnesty Period is not a qualifying event. As a result, if the removal of a dependent causes a change in coverage from Family to Individual, the enrollee will continue to pay the enrollee share of family premium for the remainder of 2009. The enrollee share of premium will be automatically changed to individual effective the first pay period in 2010.

- The Department will mail a separate letter (copy enclosed) to affected enrollees between June 24, 2009 and July 17, 2009

For enrollees that do not participate in the PTCP, if the removal of the dependent results in a change in coverage from Family to Individual, the employee will pay the enrollee's share of individual premium retroactive to 6/13/09.

NYBEAS Processing

Dependent delete and change in coverage (when removing last dependent) transactions will be processed on NYBEAS on three separate dates. The approximate dates are as follows and will be confirmed for HBAs through a broadcast message:

- 6/25/09
- 7/2/09
- 7/15/09

HBA's will receive notification of dependents removed from coverage on their regular Activity 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 **July 6, 2009 through October 5, 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 July 6 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 July 2, 2009 and July 10, 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 August 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 October 5, 2009; otherwise, the dependent will be removed from coverage effective February 1, 2009.
4. In late October a **Final Disposition Letter** will be mailed to enrollees to confirm the final status of each dependent. The letter will inform enrollees that the dependents removed from coverage are eligible to continue coverage under COBRA and that a COBRA application will be mailed to each ineligible dependent shortly.

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. The Department of Civil Service will mail **COBRA Applications** to all dependents removed during the Dependent Eligibility Verification Period in early November, 2009.
6. The Department will mail a letter to employees enrolled in the **Pre-Tax Contribution Program (PTCP)** who had an ineligible dependent removed during the Dependent Eligibility Verification Period that resulted in a change in coverage from Family to Individual. The letter will inform employees that they must continue to pay the family share of premium for the remainder of 2009. The letter will be mailed in early November, 2009.
7. 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 early November, 2009. The exact processing dates will be confirmed for HBAs through a broadcast message. HBA's will receive notification of dependents removed from coverage on their regular Activity 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

HBAs 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 for updated information on the Project. The website will be updated regularly and will include copies of all enrollee communications. HBA's can also view the Dependent Eligibility Verification Project's webinar that was held on June 17, 2009

If you are planning to distribute separate communications regarding the project to your employees, contact you 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 PTCP Letter

Enrollee Amnesty Disposition Letter

Enrollee Dependent Eligibility Verification Letter and Confirmation Form

Eligibility Worksheet /Required Documentation (EL4)

Frequently Asked Questions

- 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. Will dependents removed from medical coverage, also be removed from Dental and Vision coverage?**
- A.** Dependents who are enrolled in the NYS Dental and/or Vision plans and are removed from medical coverage, will be removed from dental/vision coverage. This does not apply to dependents coverage under other Dental/Vision plans (for example a union employee benefit fund)
- 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.** **I understand that an enrollee who participates in the Pre-Tax Contribution Program will not be entitled to a refund of premiums paid if the coverage should change from Family to Individual as a result of removing an ineligible dependent during the Verification Period. Is the employer entitled to a refund of its share of premium?**
- A.** Yes. In this case, the employer will receive a refund in the difference between Family and Individual coverage, retroactive to 2/1/09.
- Q.** **Will the Dep/Del transaction appear on HBA worklists also?**
- A.** No this information will not show on a worklist. It will go on the Activity list.
- 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 employees who are enrolled under the NYS Dental and Vision Plan, but not enrolled under NYSHIP, subject to the Dependent Eligibility Verification Project?**
- A.** No. This project is to prove eligibility of a dependent covered under NYSHIP Medical coverage. However, if it is determined that a dependent is ineligible for Medical, DCS will also have the dependent removed for NYSHIP Dental and Vision coverage.
- 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 dependent was originally added to coverage as a domestic partner and can provide eligibility as a domestic partner as of 2/1/09, the enrollee will be instructed by Budco to submit the proofs of eligibility. 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.