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IMPORTANT PRE-TAX CONTRIBUTION PROGRAM NOTICE FOR ENROLLEES COVERING A NON-FEDERALLY QUALIFIED DOMESTIC PARTNER OR SPOUSE

Effective January 1, 2010, New York State Health Insurance Program (NYSHIP) enrollees who elected to participate in the Pre-Tax Contribution Program (PTCP) and who cover a non-federally qualified dependent under their health insurance can have their full premium contribution for the cost of family health insurance coverage deducted from their wages before taxes are withheld.

NYSHIP records indicate that you are currently covering a non-federally qualified domestic partner or spouse and you are enrolled in the PTCP. The Department of Civil Service has just completed the necessary systems updates to implement the PTCP payroll deduction change and will implement them in the next available paycheck. The deduction change is retroactive to January 1, 2010, so that you can receive the full tax benefit for 2010.

What change will you see in your paycheck? Your total bi-weekly family health insurance deduction will be taken on a pre-tax basis. The premium paid will not change, but since the total premium will now be taken as pre-tax, the taxes withheld from your wages will be slightly lower.

How will the retroactive adjustments be made for the prior pay periods? Depending on your particular situation, the retroactive adjustments could affect multiple paychecks to correct your taxable income. For most enrollees, a refund of the after-tax portion of your NYSHIP premium will be issued in a separate check. At about the same time we will begin taking a before-tax special deduction from your paycheck in the amount of not more than \$55 each pay period until your taxable income has been fully adjusted. This special deduction will be in addition to your regular health insurance bi-weekly deduction.

Will this change affect my imputed income? No. As long as you continue to cover a non-federally qualified domestic partner or spouse, imputed income will continue to impact each biweekly paycheck and will be reported on your annual W-2.

If you have any questions regarding this change, please contact your agency's Health Benefits Administrator located in the personnel office where you work.