

Third Quarter – 2009

Dependent Eligibility Audit Update – Many PA Dependents May Lose NYSHIP Eligibility

Acceptable proof of eligibility has not been provided for over 20,000 dependents of Participating Agency enrollees as required by the NYSHIP Dependent Eligibility Verification Project. These dependents will lose eligibility for NYSHIP benefits on a retroactive basis if documentation is not provided soon. The Dependent Eligibility Verification Period which began on August 28th ended on November 25, 2009. This was the period during which enrollees were required to submit documentation of each dependent's eligibility for coverage under NYSHIP.

In December, enrollees who failed to provide acceptable documentation by the due date received a notice from Budco, the firm administering the audit, advising them that unverified dependent will be removed from the enrollment file with an effective date of February 1, 2009 and enrollees will be responsible for claim payments made on behalf of ineligible dependents back to that date. They also were advised that they had a 30 day appeals period in which to provide proof of eligibility.

Please note the following key dates:

- **Week of 1/11/10** – Each PA HBA was sent an agency-specific list of dependents not yet determined to be eligible to give HBAs an opportunity to reach out to enrollees covering those dependents.
- **1/15/10** - Budco's review of proofs of eligibility ends.
- **1/19/10** - DCS will review documentation received through 3/12/10.
- **Week of 2/8/10** - Each PA HBA will receive the final list of non-eligible dependents with the bill for March premium.
- **2/25/10** - **All dependents of non-responders and dependents with incomplete documentation will be removed from eligibility on a retroactive basis effective February 1, 2009.**
- **3/12/10** - The Dependent Eligibility Verification Project will end. After this date agency HBAs will be responsible for obtaining acceptable proof of eligibility and reinstating dependents for whom proof is provided. HBAs will receive a memo detailing reinstatement procedures prior to this date.

We encourage HBAs to reach out to enrollees with dependents for whom eligibility has not been documented, so that eligible dependents do not experience problems with accessing NYSHIP benefits and HBAs do not have the added workload of reinstating eligible dependents after the project is completed.

Medicare Part B Premium for 2010

For most Medicare beneficiaries, the standard monthly Medicare Part B premium for 2010 remains the same as it was in 2009 - \$96.40. This is the result of a Federal hold harmless provision that prohibits an increase in the Medicare Part B premium in years when there is no cost of living adjustment in Social Security benefits. However, this provision does not apply to everyone. Individuals who are new to Medicare in 2010 or who did not receive Social Security benefits in 2009 will pay a standard monthly Medicare Part B premium of \$110.50 in 2010. Also, anyone subject to the Income Related Medicare

Adjustment Amount (IRMAA) will have a premium increase for 2010. Civil Service Law requires NYSHIP Participating Agencies to reimburse enrollees the full cost of Medicare Part B coverage for both the enrollee and any dependents eligible for Medicare primary coverage. Please review your agency Medicare Part B premium reimbursement procedures to ensure that you are in compliance.

Extension of the ARRA COBRA Premium Reduction

The American Recovery and Reinvestment Act of 2009 (ARRA) was amended on December 19, 2009 by the Department of Defense Appropriations Act of 2010. As a result, the qualification period for and the duration of the Federal subsidy of COBRA premium under the ARRA were extended by three months and six months respectively. The original ARRA legislation provides for premium reductions for health benefits under COBRA through a Federal subsidy. Eligible individuals pay only 35 percent of their COBRA premiums. Employers must pay the 65% premium subsidy in the first instance, and then may withhold payroll tax payments to the U.S. Treasury to recover the premium advance. To qualify, individuals must experience a COBRA qualifying event that is the involuntary termination of a covered employee's employment.

Under the extension, the involuntary termination must occur during the period that began September 1, 2008 and ends on February 28, 2010 (formerly December 31, 2009). The premium reduction is now available for up to 15 months (formerly 9 months). Also, the amendment eliminates the requirement that COBRA eligibility occurs during the qualification period. For detailed information, including updated COBRA ARRA model notices refer to <http://www.dol.gov/ebsa/COBRA.html>.

Each NYSHIP Participating Agency is responsible for its own COBRA administration. Agencies with fewer than 20 employees should refer to memo PA09-11/PAEX 09-7.

Legislation Regarding Health Benefits for Volunteer Firefighters and EMTs

Legislation was passed in 2008 to allow emergency services volunteers to participate in public employee health insurance plans. The new law does not currently apply to NYSHIP since it did not amend Civil Service Law with regard to the eligibility of volunteers. In 2009 legislation was introduced to extend the change to NYSHIP. That bill was recently returned to the Assembly and currently sits in committee in both houses. The Fireman's Association of the State of New York (FASNY) keeps a handy scorecard on relevant legislation. The status of this particular bill can be checked at their website: http://www.fasny.com/legislation_issues-scorecard.aspx.

Pre-Tax Contribution Program (PTCP) and Domestic Partners

The Department has become aware of a clarification of the IRS rules regarding PTCP and premium paid for domestic partner coverage. As a result, effective January 1, 2010, State enrollees who are eligible for the PTCP and who cover a domestic partner will be able to have their full premium contribution for the cost of family health insurance coverage deducted from their employee wages before taxes are withheld. Formerly, State employees' extra cost for domestic partner coverage could not be paid with pre-tax dollars. Participating Agencies should consult with their legal and/or tax advisors regarding the treatment of premiums for domestic partners.

GASB 45

The 2009 Buck Consultants report “Development of Recommended Actuarial Assumptions for New York State/SUNY GASB Valuation – Participating Agency Version” is available online at: http://www.cs.state.ny.us/gasb_pa/2008_NYS_GASB_45_Participating_Agencies.pdf. You may find the report to be a helpful reference in preparing a GASB valuation for your agency.

As indicated in previous reports, NYSHIP will provide agency census reports upon request for use in complying with the provisions of GASB 45. Since the data included in these reports will be current at the time they are provided, it is important that your agency NYBEAS file is up-to-date, including correctly identifying and coding retirees before requesting census reports. To request a copy of your agency’s census information, please send an e-mail to: Kevin.Hill@cs.state.ny.us and include your name, agency name & code number, mailing address, phone number and e-mail address. For additional information about GASB 45, please refer to PA Memos 06-11 and 06-18.

Prompt Payment of NYSHIP Premium

As indicated in previous reports, the Employee Benefits Division has been aggressively monitoring agencies that fail to submit premium payments in a timely manner. This procedure includes suspension of claims for enrollees of any agency that falls three months behind in their premiums. To avoid disruption of your employees’ benefits, please be sure to submit your premium payments by the due date, as we must submit premium to the Empire Plan insurers on time. You may wish to consider submitting your payments electronically to promote timely payments. Attached are guidelines to initiate electronic transfer of funds.

Transmission of Reports Electronically

Many Participating Agencies have requested to receive the Empire Plan Experience Reports via e-mail. Beginning with this report, we are now offering all agencies the opportunity to have an easy access electronically through the following direct link to our website: <http://www.cs.state.ny.us/ebd/ebdonlinecenter/pamarket/qer.cfm>.

CEO & HBA Name and Address Changes

Please be sure to notify EBD of any changes in the names and/or addresses (including e-mail address) of your agency’s CEO or HBA, so that we may keep our mailing lists up-to-date. This updated information should be sent to:

***Debbie D’Orazio
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