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PA10-03
PAEX10-03

TO: Participating Agency CEOs and HBAs

FROM: Employee Benefits Division

SUBJECT: Federal Changes Affecting NYSHIP

DATE: February 8, 2010

There have been several Federal changes for 2010 that may affect NYSHIP Participating Agencies. Please review this information and share it with other administrators in your agency as appropriate, in particular those responsible for finance and/or compliance.

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. Additional information including IRMAA income and premium information can be found at www.Medicare.gov.

Civil Service Law requires NYSHIP Participating Agencies to reimburse enrollees the full Medicare Part B premium, including any IRMAA, for both the enrollee and any dependents eligible for Medicare primary coverage. Each PA can determine how to administer the reimbursement; however, it must be provided, at a minimum, on an annual basis. Please review your agency Medicare Part B premium reimbursement procedures to ensure that you are in compliance.

For your information, the State will be administering Medicare Part B reimbursement in 2010 by continuing to systematically reimburse \$96.40 to all State enrollees entitled to reimbursement. Those who are subject to either the higher standard premium or to IRMAA must apply for the additional premium reimbursement. Proof of the higher premium will be required. The IRMAA letter sent to State enrollees and a copy of the reimbursement application for 2009 are posted on HBA Online in the 'You Should Know' section at

<https://www.cs.state.ny.us/ebdonline/ebdonlinecenter/whatsnew/whatsnew.cfm>. You may customize these documents for your agency's use as you deem appropriate.

Extension of the ARRA COBRA premium reduction

The American Recovery and Reinvestment Act of 2009 (ARRA) created a 9-month COBRA subsidy for employees and their dependents who lost group health plan coverage due to the employee's involuntary termination between September 1, 2008 and December 31, 2009. In December 2009, Congress passed the Department of Defense Appropriations Act of 2010 (DDAA), which increased the maximum period for receiving the subsidy an additional six months (from 9 to 15 months) and applied the subsidy to involuntary terminations through February 28, 2010. Under the provisions of these laws, assistance eligible individuals pay only 35 percent of the COBRA continuation coverage premiums. Employers must pay the remaining 65 percent premium subsidy and then claim reimbursement via a COBRA credit on their Form 941 – Withholding Tax Payment to recover the premium advance.

For further information related to COBRA ARRA/DDAA premium assistance please refer to the following HBA memos: PA09-12 / PAEX09-08 dated April 16, 2009 and PA 09-10 / PAEX 09-06 dated April 2, 2009. Agencies with fewer than 20 employees should refer to memo PA 09-11 / PAEX 09-07 dated April 16, 2009.

In addition, you will find detailed information, including model notices, on the U.S. Department of Labor website at <http://www.dol.gov/ebsa/cobra.html>.

If you have any questions you may contact the PA/PE Unit at 518- 474-2780.

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 employee's 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.