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NY12-38

TO: New York State Agency Health Benefits Administrators
FROM: Employee Benefits Division (EBD)
SUBJECT: 2013 Health Insurance Opt-Out Program
DATE: November 6, 2012

Effective January 1, 2013, the New York State Health Insurance Program (NYSHIP) will again offer the Opt-out Program. This program allows eligible employees, who have other employer sponsored group health insurance, to opt-out of their NYSHIP coverage in exchange for an incentive payment.

As of the date of this memo, this program is available to the following groups:

- APSU represented by PBANYS
- Council 82
- CSEA
- Employees of the Legislature
- Management/Confidential employees
- NYSCOPBA
- PEF
- Unified Courts System

Please note the NYS Health Insurance Opt-out Program may become available to other represented employee groups if union contracts are ratified or arbitrated settlements are reached. Information will be provided as soon as it becomes available.

For the purpose of the Opt-out Program, other employer sponsored group health insurance coverage means coverage through employment other than employment with the Executive, Legislative or Judicial branch of New York State government, including the State University of New York. **If the other coverage is through a NYS retiree, the employee is not eligible for the Opt-out.**

Eligibility

To be eligible for the Opt-out Program, an employee must meet the eligibility criteria below to receive the incentive payment:

1. The employee must currently participate in the Opt-out Program; or
2. The employee must have been enrolled in NYSHIP, continuously and in his own right, as a State employee, on April 1, 2012 or on the date **first eligible for NYSHIP** if that date is after April 1, 2012, through the end of the plan year; and

3. The employee must provide plan information and attest to having other employer sponsored group health insurance coverage in effect as of the Opt-out effective date.

Additional Eligibility Rules for New York State Employees Represented by CSEA

In addition to the eligibility requirements for the NYSHIP Opt-out Program described above, the following additional information applies to CSEA represented employees only. Both the CSEA represented employee **and** the spouse or domestic partner who is a State employee must be enrolled in a State plan **in their own right** in order to satisfy the first additional eligibility rule described below.

1. A CSEA represented employee who has a spouse or domestic partner who is a State employee, whether that spouse or domestic partner is a CSEA represented employee, represented by another state employee union, an M/C employee or an employee of the Legislature or the Unified Courts System, and both are covered by NYSHIP (dual enrollment), may elect to opt out and receive \$1,000 for calendar year 2013 whether the CSEA represented employee is opting out of individual or family coverage; and
2. Both employees must have been enrolled in a State plan by April 1, 2012 to elect the Opt-out Program for calendar year 2013.

Opting-out for Employees Currently Enrolled in NYSHIP in a Health Insurance Option

Employees who are currently enrolled in NYSHIP and wish to participate in the Opt-out Program must elect to opt out during the Annual Option Transfer Period and must complete a **PS-409 – Opt-out Attestation Form** and a **PS-404 – NYS Health Insurance Transaction Form**. The actual effective date of the Opt-out (i.e., the date NYSHIP coverage will no longer be in effect) depends on the employee's payroll cycle; please refer to the annual option transfer memo for dates.

Employees Currently Participating in the Opt-out Program

NYS employees who currently participate in the Opt-out Program will receive the attached notice from the Employee Benefits Division. NYS employees who currently participate in the Opt-out Program also must submit to their HBA the **PS-404 – Health Insurance Transaction Form** electing the Opt-out Program and the **PS-409 – the Opt-out Attestation Form**. If they fail to submit the required documents during the Annual Option Transfer Period, their Opt-out payment will end with the last bi-weekly payroll check for plan year 2012

Incentive Payments

The annual incentive amount for opting out of NYSHIP coverage is \$1,000 for Individual coverage or \$3,000 for Family coverage (unless otherwise explained in additional eligibility rules). The incentive payments will be prorated and reimbursed through the employee's biweekly paychecks throughout the year (payable only when an employee is on the payroll and meets the requirements to be eligible for the State to contribute to the cost of NYSHIP coverage).

The incentive amount will be credited to the employee's bi-weekly payroll check and will be treated as taxable income. The bi-weekly incentive amounts will be \$38.47 for opting out of

Individual coverage (\$1,000/26 paychecks) or \$115.39 for opting out of Family coverage (\$3,000/26 paychecks).

Incentive payments to employees participating in the Opt-out Program for 2013 will begin coincident with the plan year's rate change, as described in the Annual Option Transfer Memo.

NYBEAS Processing

In order to process the employee's election (or re-election if they participated in the Opt-out Program in 2012) for the Opt-Out Program, HBAs must process a Benefit Plan Change transaction.

Transaction Type During Option Transfer	Date of Request = Signature Date on PS-404	Plan Type	Benefit Plan	Transaction Effective Date
Benefit Plan Change Action Reason (PLN/CHG)	11/1/2012 to 11/30/2012 Note: Enrollees will have 30 days from the date rates are approved to submit a change request.	10 (Medical)	700 (Opt-Out)	For Administration: January 3, 2013 For Institution: December 27, 2012

The PLN/CHG transaction **must be processed for employees if they participated in the Opt-out Program (700) in 2012 and wish to participate in 2013. Processing this transaction timely is important!**

Since it is a requirement for enrollees to elect to participate in the Opt-out Program annually, NYBEAS will programmatically remove individuals enrolled in Opt-out (700) who do not have a PLN/CHG transaction processed by the programmatic processing deadline.

Payroll	NYBEAS Transaction Effective Date	Keying Window	Programmatic Processing Deadline
Administration Lag	1/3/2013	11/13/2012 – 1/11/2013	11/30/2012
Admin Lag Exempt	1/3/2013	11/13/2012 – 1/11/2013	11/30/2012
Admin Triple Lag	12/27/2012	11/13/2012 – 1/11/2013	11/30/2012
Institution Lag	12/27/2012	11/13/2012 – 1/11/2013	11/30/2012
Institution Lag Exempt	12/27/2012	11/13/2012 – 1/11/2013	11/30/2012

If the PLN/CHG transaction was not processed by the programmatic processing deadline of 11/30/2012, enrollees in the Opt-out Program (700) will be programmatically disenrolled from the Opt-out Program through a CAN/OPN transaction.

If the enrollee submitted timely the **PS-404 – Health Insurance Transaction Form** and **PS-409 – the Opt-out Attestation Form** to participate in the Opt-out Program for 2013 but the

CAN/OPN transaction was already processed, the HBA should process an ENR/PCT with the appropriate effective date based upon the employee's payroll.

For employees who are newly eligible to participate in the Opt-Out Program due to a change in Bargaining Unit:

Transaction Type Outside Option Transfer	Date of Request = Signature Date on PS-404	Plan Type	Benefit Plan	Transaction Effective Date
Benefit Plan Change Action Reason (PLN/SPC)	Enrollees will have 30 days from the date newly eligible to submit a PLN/SPC in the Opt-Out Program.	10 (Medical)	700 (Opt-Out)	Date of request

For employees who are newly hired or newly eligible for benefits and are eligible to participate in the Opt-Out Program:

Transaction Type Enrolling a New Hire	Date of Request = Signature Date on PS-404	Plan Type	Benefit Plan	Transaction Effective Date
Enrollment Action Reason (ENR/REG)	Enrollees will have 30 days from the date newly eligible to submit an ENR/REG in the Opt-Out Program.	10 (Medical)	700 (Opt-Out)	After appropriate waiting period (42 days or 56 days)

Special Processing for CSEA-Represented Employees Opting-out of NYSHIP through a Spouse/Domestic Partner's NYS Employer Sponsored Coverage

If a CSEA represented employee is Opting-out of NYSHIP for 2013 through his spouse or domestic partner's New York State employer sponsored coverage, the PS-404 and PS-409 **must be faxed** to Employee Benefits Division (EBD) at 518-485-5590, and clearly labeled, **"2013 CSEA Opt-Out"** at the top of both forms.

HBAs should not process these Opt-out requests, as EBD needs to verify the other NYS coverage is in effect. Fax the requested forms together, so it may be reviewed and processed by EBD.

First Paychecks for 2013 Opt-out Credit

Payroll	Wed Admin
	Thurs Institution
	First Paycheck Date
Administration Lag	1/2/2013
Admin Lag Exempt	12/19/2012

Admin Triple Lag	1/10/2013
Institution Lag	12/27/2012
Institution Lag Exempt	12/13/2012

Changes Affecting Opt-out Program Eligibility

1. An employee loses eligibility for participation in the Opt-out Program during any period when:
 - The employee is no longer employed in a benefits eligible position; or
 - The employee no longer meets the requirements for the State to contribute to the cost of NYSHIP coverage; or
 - The employee is no longer in a position assigned to a bargaining unit eligible for the Opt-out Program.

If an employee loses eligibility for the Opt-out Program temporarily because of being off the payroll, experiencing a reduction of hours or being on leave, the employee will automatically resume participation in the Opt-out Program for the remainder of that year upon regaining eligibility.

2. An employee receiving the incentive for opting out of Family coverage whose last dependent loses NYSHIP eligibility, will only be entitled to the Individual incentive payment, effective on the date the dependent loses eligibility.

Re-enrollment in NYSHIP

Employees who participate in the Opt-out Program may re-enroll in NYSHIP during the next Annual Option Transfer Period. To re-enroll in NYSHIP coverage at any other time, employees must experience a qualifying event, such as a change in family status (e.g.; marriage, birth, death or divorce) or loss of the other employer sponsored group health insurance. Employees must complete a PS-404 within 30 days and provide proof of the qualifying event or the re-enrollment will be subject to NYSHIP's late enrollment rules. See the *NYSHIP General Information Book* for details on late enrollment waiting periods.

Retirement while in the Opt-out Program

Participation in the Opt-out Program is considered participation in NYSHIP for purposes of establishing eligibility for NYSHIP coverage in retirement. Retirees are not eligible for the Opt-out Program, so participation terminates when the employee's eligibility for NYSHIP coverage as an active employee ends.

If you have any questions, please contact the HBA Help Line at 518-474-2780.

Enclosures

PS-409

Sample Opt-out Participation Notice