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NY13-14

TO: New York State Agency Health Benefits Administrators

FROM: Employee Benefits Division (EBD)

SUBJECT: 2013 Health Insurance Opt-out Program for employees represented by United University Professions (UUP)

DATE: July 3, 2013

Effective September 1, 2013, the New York State Health Insurance Program (NYSHIP) will offer the Opt-out Program for employees represented by UUP. 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.

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. **Therefore, if the other coverage is through a NYS employee or 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.

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

UUP represented employees who are currently enrolled in NYSHIP and wish to participate in the Opt-out Program must elect to opt out during the Special 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 Special Option Transfer Memo for dates.

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 UUP represented employees participating in the Opt-out Program for 2013 will begin coincident with the other plan changes, as described in the Special Option Transfer Memo.

NYBEAS Processing

For employees who are currently enrolled in NYSHIP:

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	Paycheck Dates with incentive payment
Benefit Plan Change Action Reason (PLN/CHG)	8/1/2013 to 8/30/2013	10 (Medical)	700 (Opt-Out)	<u>Admin Payroll</u> August 29, 2013	<u>Admin Payroll</u> August 28, 2013
				<u>Institution Payroll</u> September 5, 2013	<u>Institution Payroll</u> September 5, 2013

The PLN/CHG transaction **must be processed for employees to participate in the Opt-out Program (700) to receive incentive payment. Do NOT process a CAN/VOL and expect the member to receive the incentive payment.**

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 of the date of the qualifying event 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.