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**NY13-26**

**TO:** New York State Agency Health Benefits Administrators  
**FROM:** Employee Benefits Division (EBD)  
**SUBJECT:** 2014 Health Insurance Opt-Out Program  
**DATE:** November 14, 2013

The New York State Health Insurance Program (NYSHIP) will again offer the Opt-out Program for plan year 2014. 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 employees represented by:

- Council 82
- CSEA
- PBANYS (APSU employees)
- PEF
- NYSCOPBA
- UUP

This program is also available to the following groups:

- Management/Confidential employees
- Employees of the Legislature
- Employees of the Unified Courts System

**In order to ensure clarity – CSEA represented employees will be addressed in HBA Memo NY13-27. Please refer to this memo for guidance with CSEA represented employees.**

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. 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/her own right, as a State employee, on April 1, 2013 or on the date **first eligible for NYSHIP** if that date is after April 1, 2013, through the end of the plan year for all periods of time for which the employee is eligible for employee-share premium; 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**

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.

### **Opting-out for Newly Eligible Employees**

1. An employee who is newly eligible to enroll in NYSHIP and wishes to participate in the Opt-out Program must make the election no later than the first date of his/her effective date for NYSHIP benefits (after the 42 or 56 day waiting period has been satisfied). A newly eligible employee is one who was not previously eligible for NYSHIP benefits as an employee of New York State. An employee of New York State is an individual employed by the Executive, Legislative or Judicial branch of State government, including the State University of New York, or;
2. An employee who is newly eligible for the Opt-out Program as the result of a change in bargaining unit may elect to participate in the Program within 30 days of the effective date of the bargaining unit change.

An employee who is transferring from one State agency to another is not newly eligible unless the employee was previously working in a non-benefits eligible position or in a bargaining unit not eligible for the Opt-out Program.

A newly eligible employee must complete both a **PS-409 – Opt-out Attestation Form** and a **PS-404 – NYS Health Insurance Transaction Form**.

### **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 payments will end with the last bi-weekly payroll check for plan year 2013.

### **Incentive Payments**

The annual incentive amount for opting out of NYSHIP coverage is \$1,000 for Individual coverage or \$3,000 for Family coverage. 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 2014 will begin coincident with the plan year's rate change, as described in the Annual 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 2013) for the Opt-Out Program, HBAs must process a Benefit Plan Change transaction.

<b>Transaction Type During Option Transfer</b>	<b>Date of Request = Signature Date on PS-404</b>	<b>Plan Type</b>	<b>Benefit Plan</b>	<b>Transaction Effective Date</b>
Benefit Plan Change Action Reason (PLN/CHG)	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 2, 2014  For Institution: December 26, 2013

**The PLN/CHG transaction must be processed for employees if they participated in the Opt-out Program (700) in 2013 and wish to participate in 2014. 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.

<b>Payroll</b>	<b>NYBEAS Transaction Effective Date</b>	<b>Keying Window</b>	<b>Programmatic Processing Deadline</b>
Administration Lag	1/2/2014	11/15/2013 – 1/10/2014	12/13/2013
Admin Lag Exempt	1/2/2014	11/15/2013 – 1/10/2014	11/29/2013
Admin Triple Lag	12/26/2013	11/15/2013 – 1/10/2014	12/20/2013
Institution Lag	12/26/2013	11/15/2013 – 1/10/2014	12/6/2013
Institution Lag Exempt	12/26/2013	11/15/2013 – 1/10/2014	11/22/2013

If the PLN/CHG transaction is not processed by the above processing deadline, enrollees in the Opt-out Program (700) will be programmatically disenrolled from the Opt-out Program through a CAN/OPN transaction.

If the CAN/OPN transaction was already processed, the HBA should review the **PS-404 – Health Insurance Transaction Form** and **PS-409 – Opt-out Attestation Form** to ensure the enrollee submitted his/her request to participate in the Opt-out program timely. If the documentation is timely, the HBA should process an ENR/PCT with the appropriate effective date based upon the enrollee's payroll.

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

<b>Transaction Type Outside Option Transfer</b>	<b>Date of Request = Signature Date on PS-404</b>	<b>Plan Type</b>	<b>Benefit Plan</b>	<b>Transaction Effective Date</b>
Benefit Plan Change Action Reason (PLN/SPC)	Employees newly eligible 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:**

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

### **Employees on the Institutional Payroll and Enrollment in the Opt-out Program**

The effective date of Opt-out for employees on the Institutional payroll is December 26, 2013. For employees on the Institutional payroll who wish to enroll in the Opt-out Program, but are unable to have coverage in effect until January 1, 2014, EBD will extend NYSHIP coverage through December 31, 2013 so that the employee will qualify for the Opt-out Program and not have a lapse in coverage; the enrollee will not be billed for this extension.

To process this extension, HBAs should process a Benefit Plan Change transaction for Plan Type 10 (Medical). The Action/Reason codes used should be a PLN/SPC with a request date of 1/1/2014. The Benefit Plan should be 700, NYSHIP OPT OUT. If you have questions please contact EBD and a processor will assist you.

### **First Paychecks for 2014 Opt-out Credit**

Payroll	Wed Admin
	Thurs Institution
	First Paycheck Date
Administration Lag	12/31/2013
Admin Lag Exempt	12/18/2013
Admin Triple Lag	1/9/2014
Institution Lag	12/26/2013
Institution Lag Exempt	12/12/2013

### **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 plan 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.

Enclosures

PS404

PS-409

Opt-out Participation Notice