



ANDREW M. CUOMO  
GOVERNOR

STATE OF NEW YORK  
DEPARTMENT OF CIVIL SERVICE  
ALBANY, NEW YORK 12239  
[www.cs.ny.gov](http://www.cs.ny.gov)

JERRY BOONE  
COMMISSIONER

NY 14-35

**TO:** New York State Agency Health Benefits Administrators  
**FROM:** Employee Benefits Division (EBD)  
**SUBJECT:** 2015 Health Insurance Opt-out Program  
**DATE:** November 24, 2014

The New York State Health Insurance Program (NYSHIP) Opt-out 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\*
- DC-37
- NYSCOPBA
- PBANYS (APSU employees)
- PEF\*
- UUP

This program is also available to the following groups:

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

For the purpose of the Opt-out Program, other employer sponsored group health insurance coverage must be coverage provided 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, participation in the Opt-out Program is not allowed.\***

\*Those employees represented by CSEA and PEF may have additional contract provisions or stipulations that apply.

**Eligibility**

To qualify for the Opt-out Program and receive the incentive payment, an employee must meet the following eligibility criteria and submit the forms as listed below:

1. The employee must currently participate in the Opt-Out Program; or
2. The employee must have been enrolled in NYSHIP continuously from April 1, 2014 (or the first date of NYSHIP eligibility if that date is later than April 1), through the end of 2014 (enrollment is required only when the enrollee is eligible for coverage with an employer contribution); and
3. The employee must complete and submit a PS-404, NYS Health Insurance Transaction Form; and
4. The employee must complete and submit a PS-409, 2015 Opt-out Attestation Form and attest to having other employer sponsored group health insurance coverage in effect as of the Opt-out effective date

**NOTE: The PS-404 and PS-409 have recently been revised and copies are attached to this memo. Submission of these forms is required each plan year in order to continue participation in the Opt-out Program.**

**Opting-out for Newly Eligible Employees**

Only employees as noted below are considered newly eligible for the Opt-out Program.

1. An employee who is newly eligible to enroll in NYSHIP and wishes to participate in the Opt-out Program must make the election during the applicable 42 or 56 day waiting period (i.e. a newly hired employee).
2. An employee newly working in a position eligible for benefits (i.e. changed from working 30% to 60%).
3. An employee who is newly eligible for the Opt-out Program as the result of a change in negotiating unit (this only applies if the prior negotiating unit does not offer Opt-out) may elect to participate in the Program within 30 days of the effective date of the negotiating unit change (i.e. changed from PIA represented enrollee to a NYSCOPBA represented enrollee).

<p><b>NOTE: 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 is represented by a negotiating unit eligible at that time for the Opt-out Program.</b></p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### **Employees Currently Participating in the Opt-out Program**

NYS employees who currently participate in the Opt-out Program will receive the attached Opt-out Participation Notice from the Employee Benefits Division. If the enrollee fails 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 2014.

### **Incentive Payments**

The annual incentive amount for opting out of NYSHIP coverage is \$1,000 (\$38.47 over 26 biweekly paychecks) for Individual coverage or \$3,000 (\$115.39 over 26 biweekly paychecks) for Family coverage. The incentive payments are treated as taxable income and credited to the employee's biweekly payroll check in equal increments 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).

Incentive payments to employees participating in the Opt-out Program for 2015 will begin coincident with the plan year's rate change, as described in the Annual Option Transfer Memo.

**NOTE:** NYSHIP does not allow a State employee to have 2 family plan options. Therefore, if the other employer sponsored coverage is through a NYSHIP Participating Agency or Participating Employer, the incentive will be for the individual amount. When processing the transaction into NYBEAS, the system will advise if the employee has other NYSHIP coverage. You will receive the follow message. *"This employee is covered as a dependent under another NYSHIP policy. The employee is only eligible for Individual Opt-out because NYS does not allow dual family coverage in NYSHIP."*

For these situations, you must send all documentation to EBD for processing.

NYSHIP rules do not allow employees to have two NYSHIP coverages in their own right. Therefore, if your employee has other NYSHIP coverage through a different employer then he/she will not be eligible to participate in the Opt-out Program.

### **Life Changes / Opt-out Program Eligibility**

1. An employee should not receive the incentive payment during any period when:
  - The employee is no longer employed in a benefits eligible position (i.e. enrollee is working less than 50%);
  - The employee no longer meets the requirements for the State to contribute to the cost of NYSHIP coverage (i.e. the enrollee goes out on full-share leave). Please notify EBD when an employee in the Opt-out Program goes on leave or returns to the payroll. Opt-out incentive payments will resume upon the employee's return to the payroll;
  - The employee is no longer in a position assigned to a negotiating unit eligible for the Opt-out Program. Please contact EBD in these cases; and
  - The employee retires or terminates.

2. If the employee's last dependent loses NYSHIP eligibility, the employee will no longer be eligible for the incentive payments for family coverage. The employee will only be eligible for the incentive payment for opting out of individual coverage beginning the date the employee's last dependent loses NYSHIP eligibility.
3. Employees who enrolled in family coverage between April 1, 2014 and the end of the 2014 plan year are only eligible for the higher incentive payment for 2015 if they had a qualifying event and applied on a timely basis. Otherwise, the employee is only eligible for the individual incentive payment.
4. If the employee is no longer eligible for other employer sponsored group health insurance coverage he/she is no longer eligible for the Opt-out program.

**Enrollment in NYSHIP health benefits**

Employees who participate in the Opt-out Program may enroll in a NYSHIP health plan during the next Annual Option Transfer Period. To enroll in NYSHIP health benefits 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 enrollment will be subject to NYSHIP's late enrollment rules. See the *NYSHIP General Information Book* for details on late enrollment waiting periods.

**Retirement and 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. Incentive payments will end when the enrollee leaves the payroll.

Instructions for processing Opt-out Program enrollments in NYBEAS are attached. If you have any questions, please contact the HBA Help Line at 518-474-2780.

**Attachments**

PS-404

PS-409

Opt-out Participation Notice

Processing Instructions