



Department of Civil Service

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Governor

NY 15-31

TO: New York State Agency Health Benefits Administrators
FROM: Employee Benefits Division (EBD)
SUBJECT: Health Insurance Opt-out Program
DATE: November 19, 2015

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
- PBA

This program is also available to the following groups:

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

Eligibility

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

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 (or the first date of NYSHIP eligibility if that date is later than April 1), through the end of the plan year (enrollment is required only when the enrollee is eligible for coverage with an employer contribution); or

3. The employee is newly eligible for Opt-out based on one of the criteria listed below:
 - a. 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 (e.g. a newly hired employee or an employee who becomes newly eligible due to a change in their work schedule from 30% to 60%).
 - b. An employee who is newly eligible for the Opt-out Program as the result of a change in negotiating unit¹ may elect to participate in the Program within 30 days of the effective date of the negotiating unit change. **An employee who is transferring from one State agency to another is not newly eligible, unless the transfer also includes a change in the employee's negotiation unit from a negotiation unit which does not offer the Opt-out Program to a NU that does offer the Opt-out Program. Additionally, the employee's transfer must meet standard NYSHIP effective date rules.**

Required Forms and Documentation to Opt-Out of NYSHIP

In addition to meeting the Opt-out Program Eligibility rules, the employee must submit the following required forms. If the employee is opting out of NYSHIP coverage (or re-electing to opt-out of NYSHIP coverage) for the new Plan Year, then the required forms and documentation must be submitted before the end of the Annual Option Transfer period deadline. Refer to the Annual Option Transfer memo for dates.

1. The employee must complete and submit a NYS Health Insurance Transaction Form (PS-404); **and**
2. The employee must complete and submit an Opt-out Attestation Form (PS-409). Included with the signed and completed Opt-out Attestation Form (PS-409), the employee **must** provide proof of the other employer-sponsored coverage and attest to having other employer-sponsored group health insurance coverage in effect as of the Opt-out effective date.

Acceptable Other Employer-Sponsored Group Coverage to Opt-out of NYSHIP

In order to Opt-out of NYSHIP coverage, the employee must be covered under other employer-sponsored group health insurance. Other employer-sponsored group health coverage cannot be the result of the employee's or the employee's spouse's, domestic partner's or parent's employment relationship with New York State or the result of the

¹ As of the date of this memo employees represented by the Police Investigators Association (PIA) and Graduate Students enrolled in Student Employee Health Plan (SEHP) do not offer the Opt-out Program. If this changes, it will be communicated via a separate HBA memo.

employee's own employment with a NYSHIP Participating Agency (PA) or Participating Employer (PE).

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, the Opt-out payments will end with the 26th biweekly paycheck of the current plan year.

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 will begin coincident with the plan year's rate change, as described in the Annual Option Transfer Memo.

Life Changes that affect the Incentive Payments

1. An employee should not receive the incentive payment during any period when:
 - The employee is no longer employed in a benefits eligible position (e.g. enrollee is working less than 50%);
 - The employee no longer meets the requirements for the State to contribute to the cost of NYSHIP coverage (e.g. the enrollee goes out on full-share leave). 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 otherwise terminates employment.
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. When requesting the Family incentive payment, the employee must have been enrolled in family coverage between April 1 and the end of the plan year, unless the change to family coverage was based on a qualifying event (e.g. marriage or

birth). If the enrollee arbitrarily changed to family coverage after April 1 of the plan year and is requesting Opt-out for the subsequent year, 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.

Opt-out incentive payments issued in error or after loss of eligibility will be recovered as special payroll deductions of up to \$200 per paycheck.

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, Opt-out enrollees 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.

The Opt-out incentive payments will stop when the enrollee loses eligibility. If enrolling in a health insurance benefit, the request must be made within 30 days of the event, otherwise late enrollment will apply.

Retirement and the Opt-out Program

Enrollment in the Opt-out Program is considered enrollment in NYSHIP for purposes of establishing eligibility for NYSHIP coverage in retirement. Incentive payments will end when the enrollee leaves the payroll.

NYBEAS Transaction Processing

When processing enrollments in NYBEAS you may receive an error message that could affect eligibility for enrolling in Opt-out. Please refer to the following error messages and instruction on how to handle.

ERROR MESSAGE #1: *"This employee is covered as a dependent on another NYSHIP policy. If the employee's other NYSHIP coverage is through New York State, he or she is not eligible for the Opt-out Program. Otherwise, fax the PS-404, PS-409 and supporting documentation to EBD at 518-485-5590 for processing."*

If the employee is covered as a dependent on another NYSHIP policy through New York State, he or she is not eligible for the Opt-out Program. You should notify the employee that his or her request was denied and explain that the other employer-

sponsored group health insurance coverage must be through an employer **other than New York State**.

If the employee is covered as a dependent on another NYSHIP policy through a local government or public entity, he or she is only eligible for the Individual Opt-out incentive amount (\$1,000). In these situations, please fax the employee's documentation to EBD at 518-485-5590 for processing.

ERROR MESSAGE #2: "The enrollee already has coverage for this Plan Type under this EMPLID. An enrollee may only be enrolled in coverage in a single Plan Type (Medical, Dental, Vision, etc.) under a single EMPLID at a time."

According to NYSHIP rules, an individual cannot be enrolled as the enrollee in two NYSHIP options. Since the Opt-out Program is considered a NYSHIP option, an individual cannot opt out as the employee of one employer and be enrolled in NYSHIP health benefits as the employee of another employer.

If you receive this message you should notify the employee that their request to Opt-out of NYSHIP was denied and explain why they are not eligible for the Opt-out Program.

Video tutorials providing guidance on how to process Opt-out Program transactions in NYBEAS can be found in the E-Learning section of HBA Online at:
<https://www.cs.ny.gov/employee-benefits/hba/shared/e-learning/index.cfm>.

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

Enclosures

PS-404 - NYS Health Insurance Transaction Form

PS-409 - Opt-out Attestation Form

Opt-out Participation Notice