



NY17-23

TO: New York State Agency Health Benefits Administrators
FROM: Employee Benefits Division (EBD)
SUBJECT: Health Insurance Opt-out Program, 2017 Revision
DATE: November 17, 2017

The New York State Health Insurance Program (NYSHIP) allows eligible employees who have other employer sponsored group health insurance to opt-out of NYSHIP medical coverage in exchange for an incentive payment. This memo replaces HBA Memo NY15-31.

Eligibility

An employee who is eligible for the Opt-out Program is an employee who meets one of the following requirements:

- Has been continuously enrolled, under their own right, in the Opt-out Program or a NYSHIP Medical coverage option (The Empire Plan or a NYSHIP HMO) from April 1 through the end of the plan year.
- Is newly eligible for NYSHIP coverage at the employee share of the premium.

When an employee can elect the Opt-out Program

Employees may enroll in the Opt-out Program **only** under the following circumstances:

- When first hired in a benefits-eligible position (must elect during the 42 or 56 day waiting period).
- When newly eligible for benefits, for example a change of work schedule from 30 to 50 percent or more (must elect during the 42 or 56 day waiting period).
- During the Annual Option Transfer Period.

There are no qualifying life events for enrollment in the Opt-out Program.

Example: If an enrollee marries and becomes newly eligible for other coverage, the enrollee cannot elect to enroll in the NYSHIP Opt-out Program until the following Annual Option Transfer Period.

Required Forms and Documentation to Participate in the Opt-Out Program

In addition to meeting the Opt-out Program Eligibility rules, the employee must complete and submit the following required forms annually:

1. NYS Health Insurance Transaction Form (PS-404, 9/17); **and**
2. Opt-out Attestation Form (PS-409, 11/17). Included with the signed and completed Opt-out Attestation Form (PS-409), the employee **must** provide proof of the other employer-sponsored coverage in effect as of the Opt-out effective date.

Acceptable Employer-Sponsored Group Coverage

To opt out of NYSHIP medical coverage, the employee must be covered under other employer-sponsored group health insurance. The other employer-sponsored coverage can be through the employment of the enrollee, the enrollee's spouse/domestic partner or a parent. An enrollee providing proof of coverage as a dependent enrolled in coverage through a NYSHIP Participating Employer (PA or PE) is eligible for the **individual** Opt-out incentive only.

Effective January 1, 2018, the Veteran's Affairs (VA) benefit, will be recognized as other employer-sponsored group health insurance coverage for purposes of NYSHIP's Opt-out Program. The VA benefit is recognized as coverage under the federal Affordable Care Act (ACA) and will be treated the same for the Opt-out Program. Enrollees providing proof of their VA benefit can elect Individual Opt-out only. However, Family Opt-out may be considered if additional proof is provided indicating the enrollee's dependent has employer-sponsored coverage.

The other Employer-Sponsored Group Coverage cannot be:

- NYSHIP coverage that is a result of employment through New York State; or
- The result of the employee's own employment with a NYSHIP Participating Agency (PA) or Participating Employer (PE).

First-time Enrollment in Opt-out during the Annual Option Transfer Period

Employees who wish to enroll in the Opt-out Program during the Annual Option Transfer Period must have been continuously enrolled in NYSHIP (The Empire Plan, NYSHIP HMO, or the Opt-out Program) from April 1 through the end of the plan year. An employee will be considered continuously enrolled in NYSHIP even if they have a break in coverage during a time in which they are responsible for the full share premium.

Note: If an employee is on leave during the Annual Option Transfer Period, they must still elect the Opt-out Program during this time to receive incentive payments for the next plan year upon returning to the payroll.

Re-enrolling in Opt-out during the Option Transfer Period

NYS employees who currently participate in the Opt-out Program will receive an Opt-out Participation Notice (see attached) from the Employee Benefits Division prior to the close of the Option Transfer Period. If the enrollee fails to submit the required documents during the Annual Option Transfer Period, the opt-out incentive payments will end after the 26th biweekly paycheck of the current plan year.

Mid-Year Coverage Changes that affect Opt-out Eligibility

If an employee is enrolled in The Empire Plan or NYSHIP HMO and changes from Individual to Family coverage after April 1 and the request was made within 30 days of the qualifying event, the enrollee may elect Family Opt-out for the next Plan Year.

If an employee is enrolled in Individual Opt-out and acquires a new dependent, they cannot change to Family Opt-out. However, if requested within 30 days of the qualifying event, they may enroll in Family coverage under The Empire Plan or NYSHIP HMO.

Incentive Payments

The annual incentive amount for opting out of NYSHIP coverage is \$1,000 (\$38.47 for 26 biweekly paychecks) for Individual coverage or \$3,000 (\$115.39 for 26 biweekly paychecks) for Family coverage. The Opt-out 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.

Changes that affect the Incentive Payments

Enrollees who have a change due to one of the following circumstances will experience a change in incentive amounts:

- **Employee is no longer eligible for State contribution toward NYSHIP coverage if:**
 - An employee is placed on a full share leave without pay they will not be eligible to receive incentive payments during the period of leave.
 - The employee is no longer employed in a benefits eligible position (e.g. enrollee is working less than 50 percent);
- **Last eligible dependent loses eligibility under NYSHIP*:** On the date an employee's last eligible dependent no longer qualifies as a dependent under NYSHIP, the employee will only be eligible for individual opt-out incentive payments.
- **Retirement or Separation from State Service:** When an employee retires or separates from state service, incentive payments will end when the employee stops receiving a paycheck.

*If the dependent being removed is due to a divorce or the termination of a domestic partnership, you will need to change the Opt-out Incentive payment from family to individual. If the employee's Other Employer Sponsored Coverage was through the ex-spouse or former domestic partner, you may need to enroll the employee in coverage.

To change the Opt-out Incentive payment from family to individual, process a Change Coverage transaction (CCO): either a CCO/DIV to remove the ex-spouse or CCO/DPT to remove the former domestic partner.

To enroll the employee in coverage, process a Benefit Plan Change transaction: PLN/SPC to change the employee from the Opt-out Program (700) to another NYSHIP option.

If the employee lost his or her Other Employer Sponsored Coverage and their request to enroll was within 30 days from the date their other coverage ended, you will process a PLN/SPC transaction using the employee's request to enroll in coverage as the "Request Date".

If the employee lost his or her Other Employer Sponsored Coverage and their request to enroll was more than 30 days from the date their other coverage ended, you will need to cancel the Opt-out incentive payment as of the date the employee lost their Other Employer Sponsored Coverage and then process an enrollment transaction. To cancel the Opt-out Incentive payment, process a CAN/VOL transaction using the date the employee lost his or her other coverage as the "Request Date". After the CAN/VOL transaction is completed, then process an ENR/REG transaction using the date the employee requested coverage as the "Request Date". This will end the Opt-out Incentive for the employee and enroll them in coverage in accordance with late enrollment rules. Coverage for the employee will be effective on the first day of the fifth payroll period following their request to enroll in coverage.

The Opt-out incentive payments should stop when the enrollee loses eligibility due to the loss of other employer-sponsored coverage. If enrolling in a health insurance benefit, the request must be made within 30 days of the event, otherwise late enrollment rules will apply.

Enrollment/Reenrollment in NYSHIP health benefits

Employees who participate in the Opt-out Program may enroll in a NYSHIP health plan during the 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.

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. Retirees are not eligible to continue or to elect participation in the Opt-out Program.

NYBEAS Transaction Processing

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>.

When processing enrollments in NYBEAS you may receive an error message that could prevent you from processing an enrollment 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. You should notify the enrollee why they will be enrolled in Individual Opt-out as opposed to their Family election.

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.”*

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. According to NYSHIP rules, an employee can only maintain one NYSHIP option as the enrollee/policyholder.

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.

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

Enclosures

PS-404 - NYS Health Insurance Transaction Form (9/17)

PS-409 - Opt-out Attestation Form (11/17)

Opt-out Participation Notice