



Department of Civil Service

KATHY HOCHUL
Governor

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Acting Commissioner

PE22-06
PA22-05
PAEX22-04

TO: PA and PE Health Benefits Administrators
FROM: Employee Benefits Division
SUBJECT: NYSHIP Retiree Health Insurance Eligibility for Tier 5 and 6 Retirement System Members
DATE: May 2, 2022

The purpose of this HBA Memo is to advise of recent changes to the Tier 5 and 6 pension eligibility requirements, which may have an impact on New York State Health Insurance Program (NYSHIP) retiree health insurance eligibility for employees of some NYSHIP participating agencies (PA) and participating employers (PE). This change does not have an impact on retirement eligibility for New York State employees.

Previously, Tier 5 and 6 members of the New York State and Local Retirement System (NYSLRS) and the New York State and Local Police and Fire Retirement System (NYSLPFRS) were required to have a minimum of 10 years of creditable service to be vested in the pension system. With the recent passage of the 2022-2023 Executive Budget, the vesting requirement for Tier 5 and 6 members has been reduced to five years, which is consistent with the requirement for Tiers 1 through 4.

Being vested in a pension system is only one requirement to be eligible for NYSHIP retiree health coverage. Employees must meet all other eligibility requirements to continue coverage into retirement. The complete requirements are as follows:

1. Be in a class or category of employee in which the NYSHIP employer provides coverage in retirement;
2. Complete their NYSHIP employer's minimum service requirement;
3. Satisfy requirements for retiring as a member of a retirement system, and;
4. Be enrolled in coverage through an employer that participates in NYSHIP.

As a result of the recent change, the service requirement for retiring as a Tier V or VI member of a retirement system (#3 above) has been reduced from 10 to five years. However, this change does not affect an employer's minimum service requirement (#2 above). Pursuant to the New York Codes, Rules, and Regulations, Title 4, Chapter 5, Part 73.1(d), the employer minimum service requirement must be at least five years, although NYSHIP PAs and PEs may set a longer minimum service requirement. Your

agency's minimum service requirement is not altered by this change in legislation. If your agency has established a minimum service requirement that is greater than five years, your employees must meet that higher service requirement to meet all necessary criteria to continue NYSHIP health coverage into retirement.

If your agency previously denied retiree enrollments for Tier 5 and 6 employees who failed to meet the 10-year vesting requirement, but met all other retiree eligibility requirements, these cases should be reconsidered. PA and PE employees who now meet the lower five-year vesting requirement would be eligible for enrollment in NYSHIP retiree coverage, assuming other requirements have been met.

New York State as an employer requires its employees to satisfy a minimum service requirement of 10 years. This requirement remains in effect for NYS employees. Therefore, NYS employees are not affected by the recent change to Tier 5 and 6 vesting requirements.

As a NYSHIP HBA, it is your responsibility to ensure that you are correctly advising your employees of the NYSHIP eligibility requirements for retiree health coverage and applying the qualifications, when applicable. Please refer to your NYSHIP *General Information Book* for more information on the requirements employees must meet to continue NYSHIP in retirement. If you have any questions, please call the HBA Help Line at 518-474-2780 for assistance.