

## Attachment to Policy Memo 143 – Pre-Tax Contribution Program (PTCP)

Under IRS rules, health insurance changes which result in corresponding changes in pre-tax contributions may be made only under specific circumstances. The chart below details specific situations that allow for a change in pre-tax health insurance premium deductions.

All changes made after a “change in status event” must be requested within 30 days of the event to qualify for a change in the pre-tax deduction. The only exception to this is newly hired or newly benefits-eligible employees, who have a 42- or 56- day New Hire Waiting Period to make this election. All changes made after these allowable time frames will not qualify for the PTCP and will result in a late enrollment period of five payroll periods. The consistency rule referred to in Policy Memo 143 must be satisfied as well.

In addition, existing benefits-eligible employees may not newly enroll in the PTCP mid-year (even with the occurrence of an event listed below). Employees enrolled in the PTCP may change their deduction in accordance with the guidance below, but an existing benefits-eligible employee not currently enrolled in the PTCP may only enroll in the PTCP during the PTCP Election Period for the next plan year.

Note: the examples in this chart do not reflect every scenario. Any situation not mentioned here should be directed to your EBD processor for assistance.

Type	Event	Permissible Changes
Newly Eligible Dependents	Marriage Add Federally-Qualified Domestic Partner	<ul style="list-style-type: none"> <li>Enroll new spouse/domestic partner and dependent children</li> <li>Drop individual or family coverage when enrolling in spouse/domestic partner’s plan</li> </ul>
	Newborn Child Adoption Other Newly Eligible Child	<ul style="list-style-type: none"> <li>Enroll newly eligible dependents and previously eligible dependents</li> </ul>
Newly Ineligible Dependents	Divorce Death of Dependent Domestic Partnership Termination Child Exceeds Age Limit	<ul style="list-style-type: none"> <li>Drop coverage ONLY for dependents losing eligibility</li> </ul>
Newly Eligible For Benefits (Employee)	New Job (Benefits-Eligible) Newly Benefits-Eligible (Existing Job)	<ul style="list-style-type: none"> <li>Enroll employee and all eligible dependents</li> </ul>
Newly Eligible For Benefits (Dependent)	New Job (Benefits-Eligible) Newly Benefits-Eligible (Existing Job)	<ul style="list-style-type: none"> <li>Drop coverage ONLY for employee and/or dependents newly enrolled in dependent’s plan</li> </ul>

Newly Ineligible For Benefits (Dependent)	Dependent Job Loss Dependent Becomes Benefits-Ineligible	<ul style="list-style-type: none"> <li>Enroll employee and/or dependents previously covered by dependent's plan</li> </ul>
Residence or Employment Site Change	Employee Moves Into HMO Service Area	<ul style="list-style-type: none"> <li>Elect newly available coverage option</li> </ul>
	Employee Moves Out of HMO Service Area	<ul style="list-style-type: none"> <li>Elect new coverage option</li> <li>Drop coverage</li> </ul>
Significant Cost or Coverage Change	Significant Cost Increase Significant Reduction of Coverage	<ul style="list-style-type: none"> <li>Elect new coverage option</li> <li>Drop individual or family coverage</li> </ul>
	Significant Cost Decrease Significant Improvement in Coverage	<ul style="list-style-type: none"> <li>Change coverage option</li> <li>Switch from individual to family coverage</li> <li>Continue coverage at lower cost</li> </ul>
	Significant Improvement in Coverage Offered to Dependent	<ul style="list-style-type: none"> <li>Drop coverage ONLY for employee and/or dependents newly enrolled in dependent's plan</li> </ul>
Plan Option Termination	Elimination of Coverage Option	<ul style="list-style-type: none"> <li>Elect new coverage option</li> <li>Drop individual or family coverage</li> </ul>
Medicare, Medicaid, or SCHIP Eligibility	Employee or Dependent Becomes Eligible for Medicare, Medicaid, or SCHIP	<ul style="list-style-type: none"> <li>Drop coverage ONLY for employee or dependent enrolled in Medicare, Medicaid, or SCHIP</li> </ul>
	Dependent Becomes Ineligible for Medicare, Medicaid, or SCHIP	<ul style="list-style-type: none"> <li>Switch from individual to family coverage to enroll dependent who loses eligibility for Medicare, Medicaid, or SCHIP. Other dependents may be added as well.</li> </ul>
Judgment, Decree, or Court Order	Order Requiring Coverage for Child	<ul style="list-style-type: none"> <li>Enroll in family coverage to cover child named in judgment, decree, or order. Other dependents may be added as well.</li> </ul>
	Expiration of Order Requiring Coverage if Order Requires Other Individual to Provide Coverage for Child	<ul style="list-style-type: none"> <li>Drop coverage ONLY for child ONLY when other coverage is actually provided to child</li> </ul>
Leaves of Absences	Employee Begins Unpaid Leave	<ul style="list-style-type: none"> <li>Drop coverage during unpaid leave</li> </ul>
	Employee Returns from Unpaid Leave	<ul style="list-style-type: none"> <li>Re-enroll in coverage dropped during unpaid leave</li> </ul>

## Other Notes

### Switching From Family to Individual Coverage

- Employees may change their pre-tax deduction from family to individual coverage if all of the dependents are dropped from coverage in accordance with the rules above and on a timely basis. For instance:
  - An employee covering only a dependent child (no spouse) **MAY** switch from family to individual coverage after the child exceeds the applicable age limit (usually Age 26).
  - An employee with a dependent child and a spouse **MAY NOT** switch from family to individual coverage after the child exceeds the applicable age limit. The consistency rule is not satisfied because the dependent spouse did not experience a loss of eligibility.

### Return to Payroll From Leave Without Pay (LWOP)

- When an employee returns from LWOP within the same plan year:
  - The PTCP election (pre-tax or post-tax) remains the same for the rest of the plan year. If the employee was enrolled in the PTCP prior to going on LWOP, that status must continue.
  - An employee enrolled in the PTCP may change coverage options or choose not to re-enroll upon returning to work. If the employee was not enrolled in the PTCP prior to going on LWOP, he or she may not enroll until the next PTCP Election Period for the upcoming plan year.
- When an employee returns from LWOP in a new plan year:
  - The PTCP election can be (pre-tax or post-tax) changed during the Annual PTCP Election Period for the next plan year. If an employee did not make this election during the Annual PTCP Election Period, he or she cannot newly elect to participate in the PTCP upon a return to work.
  - An employee enrolled in the PTCP may change coverage options or choose not to re-enroll upon returning to work. If the employee was not enrolled in the PTCP prior to going on LWOP, he or she may not enroll until the next Annual PTCP Election Period for the upcoming plan year.

### Retirement

- When an employee retires, his or her health insurance premium no longer qualifies for a pre-tax deduction. Retirees are not subject to PTCP qualifying event rules to make changes to their coverage.
- When a dependent retires, the following changes are permissible:
  - An employee may drop individual or family coverage if the employee (and any covered dependents) is covered by the dependent's retiree coverage.
  - An employee may also switch from family to individual coverage if all covered dependents are covered by the retiree's new coverage.

### “Split Tax” Deductions

- In certain circumstances, an employee may qualify to have his/her individual portion, but not the dependent portion, of premium deducted on a pre-tax basis. These cases will result in a “split tax” deduction, under which only the individual portion of premium is deducted on a pre-tax basis. The dependent portion of premium will be deducted on a post-tax basis.

### Open Enrollment /Option Transfer Period through another Employer Plan

- An Open Enrollment or Option Transfer Period through another employer plan is considered to be a qualifying event. During this time, a PTCP enrollee may:
  - Increase coverage from individual to family coverage to newly cover dependents who have lost coverage under another employer’s plan;
  - Decrease coverage from family to individual coverage if dropped dependents have newly enrolled in coverage through another employer’s plan; or
  - Drop individual or family coverage if the enrollee and any covered dependents have newly enrolled in coverage through another employer’s plan.
  - An existing, benefits-eligible employee may not newly enroll in the PTCP mid-year. Such election may only be made in the Annual PTCP Election Period for the upcoming plan year.

### Opt-out Program

- When a NYSHIP enrollee chooses the Opt-out program as his or her NYSHIP option, the enrollee has the ability to elect PTCP upon initial enrollment, and then during each Annual PTCP Election Period.
  - If the enrollee elects PTCP and then experiences a PTCP Qualifying Event during the plan year which allows him or her to transfer from the Opt-out program to NYSHIP coverage, the PTCP election stands through that plan year.
  - If the enrollee does not elect PTCP and then experiences a PTCP Qualifying Event during the plan year which allows him or her to transfer from the Opt-out program to NYSHIP coverage, the enrollee may not elect the PTCP until the Annual PTCP Election Period for the upcoming year.