

Employee Benefits Division Policy Memorandum

Number: Policy Memo 18r1

Date Issued: March 12, 1990

Subject: Deficit Recoupment Charge for PAs and PEs

PURPOSE:

Clarify regulation change requiring former participating employers and participating agencies to pay a deficit recoupment charge upon reentering the Program.

BACKGROUND:

The regulation change requiring a deficit payment, NYCRR 73.10 (c), was effective October 26, 1988. While it was clearly the intent of the regulation change to assess a deficit charge against those employers who would withdraw to avoid the current deficit recoupment period, it is less clear whether the charge should also be assessed against employers who left the Program several years ago. We must define the application of this penalty so that the information we provide to employers accurately reflects the requirements for rejoining the Program.

POLICY:

The deficit charge will apply to all reentering participating employers and participating agencies who leave the Program during a period of deficit recoupment. If more than one recoupment period passes before reentry, the agency will be assessed a charge only for the period to which it contributed to a deficit but withdrew before recoupment was complete. **The amount a reentering employer will owe will be based upon the enrollment count at the time the agency left the plan, unless some event such as layoffs or new union agreements provides an independent reason for a reduced incoming enrollment.**