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MEMORANDUM

TO: Exempt Class Employees in the Executive Branch
FROM: Employee Benefits Division
SUBJECT: Benefits after Separation from State Service
DATE: December 30, 2010

Benefits for Separated Exempt Class Employees in the Executive Branch of New York State Government

This memo explains how separation from State service affects health insurance and related benefits when the employee does not have tenure protections or Preferred List rights under Civil Service Law. This is only a summary. Please refer to plan documents and contact the Health Benefits Administrator (HBA) in your agency's Office of Human Resources if you have questions.

Health Insurance Coverage

Your health insurance coverage under The Empire Plan or HMO through the New York State Health Insurance Program (NYSHIP) will end 28 days after the last day of the last payroll period for which you were paid. However, a separated Exempt Class employee may continue health insurance coverage as a retiree or as a vestee, provided eligibility requirements for such continuation are satisfied, or under COBRA and New York State Continuation Coverage, or under a conversion/direct-pay contract. This memo and the *NYSHIP General Information Book* explain the provisions and important deadlines. The *NYSHIP General Information Book* is available in your agency and on the Department's web site, <https://www.cs.state.ny.us>. Click on Benefit Programs, then NYSHIP Online and choose your group and plan, if prompted. On the NYSHIP Online homepage, select Health Benefits & Option Transfer, then click on the NYSHIP General Information Book link.

Retiree Coverage

Retirement System requirements for retirement and NYSHIP requirements for continuation of health insurance in retirement are different. Do not assume that health insurance benefits will continue automatically when you retire. Also, note that if you are eligible to retire at the time you leave service, but delay collecting your State pension, you may still continue your health insurance coverage under retiree provisions, provided you meet the eligibility requirements for both retirement and continuation of health benefits in retirement.

You must meet three eligibility requirements to continue health insurance coverage in retirement:

1. Complete the minimum service period. First, you must have completed a minimum service period, which is determined by the date on which you last entered State service and you must have served a minimum of one year with the employer from whose service you are retiring. If you were last hired on or after April 1, 1975, you must have had at least ten years in State service or at least ten years of combined service with the State and one or more Participating Employers or Participating Agencies.

(A Participating Employer is a government agency in New York State such as the Thruway Authority or Metropolitan Transit Authority that is maintained and financed from special administrative funds and participates in NYSHIP. A Participating Agency is a city, town, municipality or school district in New York State that participates in NYSHIP. NOTE: By law, New York City cannot participate in NYSHIP. Therefore, employment with New York City does not count toward the minimum service requirement for continuing NYSHIP coverage in retirement, even if you can count it for pension purposes.)

Less than full-time employment: Periods of less than full-time employment will be considered as full-time if you were eligible for health insurance enrollment. Periods of employment in which you did not meet the eligibility requirements will not be counted. Periods when you were paying both the employer share and employee share of the NYSHIP premium while on leave without pay do not count toward the minimum service requirement.

2. Satisfy requirements for retiring as a member of a retirement system. You must be qualified for retirement as a member of a retirement system administered by New York State (such as the New York State and Local Employees' Retirement System, the New York State Teachers' Retirement System or the New York State and Local Police and Fire Retirement System) or any of its political subdivisions.

If you are not a member of a retirement system administered by the State, you may qualify for health insurance as a retiree by meeting other requirements. See your *NYSHIP General Information Book* for details.

3. Be enrolled in NYSHIP. You must be enrolled in NYSHIP as an enrollee or a dependent on the date employment ends.

If you meet the above requirements, but not the member age requirement, you may preserve your right to coverage as a retiree by maintaining continuous NYSHIP coverage until you reach retirement age. (See Vestee Coverage on page 3.)

Premium Payments: As a retiree, the State will contribute to the cost of your coverage. Your share of your health insurance premiums can be deducted from your monthly retirement check or paid directly to the Employee Benefits Division. If you will be receiving your pension, there may be a lag of several months before deductions begin. Meanwhile, you will be billed directly each month for your share of the premium. You must make these payments each month until premium deductions begin.

Sick Leave Credits: If you are subject to a formal sick leave accrual system at the time of retirement, you may be entitled to use the value of accumulated unused sick leave, up to a

maximum of 200 days (for M/Cs), to establish a monthly “sick leave credit” that can offset all or part of the cost of health insurance during retirement. However, if you leave employment in vested status, you are not eligible to have sick leave credits applied to your premium while you are in vested status or after you retire.

Dual Annuitant Sick Leave Credit: Your monthly sick leave credit ends when you die and may not be used by surviving dependents to pay for continued health benefits coverage unless you chose the Dual Annuitant Sick Leave Credit. At the time of your retirement, you may specify that you want your dependent survivors to be able to use your monthly sick leave credit toward their NYSHIP premium if you die. This is called the Dual Annuitant Sick Leave Credit. If you do not elect the Dual Annuitant option, in writing, before your last day on the payroll, your sick leave credit will be fully applied during your lifetime and will end at your death.

Deferred Health Insurance Coverage: If you are eligible for retirement at the time you leave State service, you may delay the start of retiree health insurance coverage and the calculation of your sick leave credit indefinitely if you have other coverage available, such as through your spouse’s employer or through your own subsequent employment. There are advantages to deferring coverage. For example, the dollar value of your monthly sick leave credit will be higher when you reenroll in NYSHIP than it would have been at the time of retirement because it will be calculated when you are older. If you wish to take advantage of the benefits of deferred retiree coverage, you must elect to do so in writing before your last day on the payroll.

For details, see the *NYSHIP General Information Book*.

Vestee Coverage

If your employment with the State ends before you reach retirement age, you may be able to continue health insurance coverage as a vestee. You must have:

1. Vested as a member of a retirement system administered by the State or one of its political subdivisions, such as a municipality; (Your membership in the retirement system must be based, at least in part, upon service with the State employer you are leaving.)
and
2. Met the minimum service requirement (but not the age requirement) for continuing health insurance in retirement at the time employment is terminated. (NOTE: For most employees, ten years of service is required for retiree health insurance even though pension vesting occurs at five years.)

If you choose to continue health insurance coverage while in vested status, you are responsible for paying both the employer and employee shares of the health insurance premium. **In no case may sick leave credit be applied toward health insurance premium costs either while you are in vested status or after you become eligible for health insurance as a retiree.**

NOTE: Please see the attached chart (Attachment 1) for monthly rates for continuing coverage as a vestee.

Coverage ends permanently if you do not continue health insurance as a vestee: If you are eligible to continue coverage during vested status, but do not do so, or if you fail to make the required premium payments as a vestee, coverage for you and your dependents will be terminated permanently. You may not reenroll as a vestee at a later date and you lose eligibility for coverage as a retiree. NOTE: If you are eligible to continue NYSHIP coverage as the dependent of another NYSHIP enrollee, or as the employee of another NYSHIP

Participating Employer or Agency, you may satisfy the vestee coverage requirements by doing so, as an alternative to paying full share as a vested enrollee yourself. However, you must be sure there is no break in your coverage between the date you leave State service as a vestee and the date you become eligible to be a retiree for health benefits purposes.

Medicare and Health Insurance for Vestees and Retirees

As a retiree or vestee in NYSHIP, you and your covered dependents must be enrolled in Medicare Parts A and B and have both parts in effect when *first* eligible for Medicare coverage that pays primary to NYSHIP. NYSHIP will not provide any benefits for coverage available under Medicare. If you or a dependent is eligible for primary Medicare coverage, but fail to enroll or enroll late, you will be responsible for the full cost of medical services that Medicare would have covered, until your Medicare coverage goes into effect.

If the employee or employee's spouse or domestic partner is age 65 or over or if the employee or enrolled dependent is disabled or has had end-stage renal disease for more than 30 months: Medicare will be primary to NYSHIP once State employment ends. (In rare instances, Medicare is primary for an active employee and/or dependent.) NYSHIP regulations determine when enrollees must have Medicare in effect. For information on NYSHIP's Medicare requirements, ask your agency HBA for the booklet "Medicare & NYSHIP." You may also order a companion video online.

For information on how to enroll in Medicare Parts A and B, check the Social Security Administration web site at www.ssa.gov or call 1-800-772-1213.

COBRA and New York State Continuation Coverage

If you are not eligible to continue coverage in NYSHIP as a retiree or as a vestee, you can still continue your NYSHIP coverage for a total of 36 months under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA) and New York State Continuation Coverage for you and your covered dependents. Under COBRA and State Continuation Coverage, you pay the full premium for the option in which you are enrolled plus a two percent administrative fee. Enrollees are no longer eligible for this coverage if they become entitled to Medicare benefits during the continuation period.

60-day Deadline: When your agency Health Benefits Administrator notifies the Employee Benefits Division that your employment with the State has ended, the Division will, in turn, notify you that you have the right to choose COBRA continuation coverage. You have 60 days after the date your NYSHIP coverage ends, or 60 days from the date you are notified of eligibility for COBRA continuation coverage, whichever is later, to inform the Employee Benefits Division that you want COBRA continuation coverage. (Health insurance coverage ends 28 days after the last day of the last payroll period for which the employee was paid.) If you do not choose COBRA continuation coverage during the 60-day application period, your NYSHIP coverage will end. Your total eligibility period is 36 months under COBRA and State Continuation Coverage combined.

NOTE: Please see the attached chart (Attachment 2) for the monthly rates for continuing M/C coverage under COBRA/State Continuation Coverage. It is important that you make timely premium payments; if your coverage is canceled for non-payment of premium, your eligibility for continuation coverage will end permanently.

At the end of your NYSHIP continuation of coverage period, you may convert to a direct-pay conversion contract with your NYSHIP Health Maintenance Organization (HMO) or with Empire BlueCross BlueShield or UnitedHealthcare if you are enrolled in The Empire Plan. You are also eligible to choose conversion instead of COBRA continuation, but if you do, you lose your right to COBRA/Continuation Coverage under NYSHIP.

If you choose COBRA/State Continuation Coverage, you must exhaust those benefits to be eligible to convert to a direct-pay conversion contract. If you choose COBRA/Continuation Coverage and fail to make the required payments or you cancel coverage for any reason, you will not be eligible to convert to an individual policy.

Direct-Pay Conversion Contracts

Under certain conditions, NYSHIP enrollees and their dependents are entitled to direct-pay conversion contracts after NYSHIP coverage ends or after exhausting continuation coverage. Empire Plan and HMO plan documents explain direct-pay conversion contracts. The benefit package and the premium costs for direct-pay conversion contracts are different from what you had under NYSHIP. You do not need to provide evidence of insurability.

Other Benefits

M/C Dental and Vision Benefits

Your M/C Dental and Vision plans are not part of your health insurance and do not continue automatically. You may continue dental and vision care benefits under COBRA. If you do not continue coverage under COBRA, dental coverage and vision coverage will end 28 days after the last day of the last payroll period for which you are paid.

When your coverage ends, you will automatically receive a COBRA application for dental and vision benefits if you are enrolled for health insurance. If you are not enrolled in NYSHIP health insurance, you must request a COBRA dental/vision application by writing to: COBRA Unit, Employee Benefits Division, NYS Department of Civil Service, Albany, NY 12239. Please include your name, Social Security number, address and telephone number.

60-day COBRA Deadline: You must request continuation of dental/vision coverage under COBRA within 60 days of the date coverage would otherwise end.

You are no longer eligible for COBRA coverage after you become entitled to Medicare benefits during the COBRA continuation period.

Employees who are eligible for retirement are also eligible for a retiree dental package. This coverage begins at the end of State employment or at the end of the COBRA period. If you do not enroll when first eligible, you may not enroll later.

Income Protection Plan Insurance

There are no conversion privileges for Income Protection Program (IPP) insurance for short-term disability (STD) or long-term disability (LTD). Enrollment ends on your last day on the payroll as an active employee, unless you are receiving STD or LTD at the time your employment ends. If you are receiving benefits, see your benefits booklet for additional information.

M/C Accident and Sickness Insurance

There are no conversion privileges for this insurance. Coverage ends on your last day on the payroll as an active employee.

M/C Life Insurance

If you are enrolled in the M/C Life Insurance Program:

- If you are no longer eligible to continue participation in the life insurance coverage program, life insurance will terminate on the last day of the coverage period for which the last deduction was taken. At that time, you may convert to a standard direct-pay policy with the carrier.
- If you transfer, either temporarily or permanently, to a State position not designated Management/Confidential, you will be permitted to continue life insurance coverage under the M/C Program for up to six months (13 biweekly pay periods) to provide time to obtain other coverage.
- If you retire or are eligible to retire as a member of the New York State Retirement System, and are enrolled in the group insurance program for M/C employees, you may choose to continue in the program or convert to an individual MetLife policy. If you choose to remain in the M/C Life program, you may continue both personal and dependent life insurance in retirement subject to the age-related life insurance reductions, or may choose to convert to an individual policy.
- If you are not a member of a retirement system administered by New York State but are age 55 or older, you may be eligible to continue M/C Life Insurance. Check with your agency Health Benefits Administrator or the Employee Benefits Division if you have questions.
- If you are not eligible for retirement as a member of a retirement system administered by New York State, and are not yet 55, you will not be eligible to continue in the M/C Life Insurance program but may convert to an individual MetLife policy.

For more information, or for a conversion policy: Read the M/C Life Certificate of Insurance. This book and copies of the available MetLife conversion policies should be available in your Human Resources office.

Other Issues

Tenure

Exempt Class employees can receive permanent appointments and serve a probationary period if permanently appointed. However, in general, Exempt Class employees do not obtain tenure. (Tenure provides employees with an opportunity for a hearing prior to discipline or discharge.) The Civil Service Law provides that an Exempt Class employee is tenured if he/she is: permanent, and has completed probation, and is an honorably-discharged war-time veteran or exempt volunteer firefighter, but is not a "...private secretary, cashier or deputy of any official or department."

If you are a qualifying war-time veteran, it is important that you advise your Office of Human Resources so that you receive any rights due to you as a result of this status.

Layoff

Exempt Class employees do not have any protections or rights upon the abolition of their positions.

Rights to Return to a Former State Title

Many Exempt Class employees formerly worked in competitive, noncompetitive or labor class titles and may have had tenure or layoff rights in that title. In order to retain those rights, a leave of absence from the position is required. No current rule or contract provides for a mandatory leave of absence from the competitive, noncompetitive, or labor class to serve in the Exempt Class. Generally, agencies may grant an employee a discretionary leave of absence from their permanent competitive or noncompetitive title while they are serving in an Exempt Class title. These discretionary leaves of absence have a limit of two years, after which the agency may request an extension by the Civil Service Commission for up to two additional years where it would be in the best interests of the State service. An Exempt Class employee who has a discretionary leave may return to the former title upon mutual agreement with the former agency, or upon termination from the Exempt Class position. If the Exempt Class employee does not return to the former title at the end of the leave of absence, the employee loses the right to return.

During a leave of absence, employees continue to have certain rights they would have if they were actually serving in the position, such as any rights to compete in promotion examinations, seniority rights during a reduction in force, etc.

Effect of Reemployment on Leave Accruals

If you are separated from State service, you must be reemployed by an agency subject to the Attendance Rules **within one year of your date of separation** to have unused sick leave, uncompensated vacation, holiday leave, and personal leave credits that did not lapse restored. If your break in service exceeds one year and you are not reinstated by the Civil Service Commission, you will be treated as a new employee for attendance and leave purposes. Please call the Attendance and Leave Unit of the Department of Civil Service at (518) 457-2295 with any questions about your leave accruals.

If you have questions about your health insurance and related benefits after talking with the Health Benefits Administrator in your agency's Office of Human Resources, call the Employee Benefits Division at (518) 457-5754 (Albany area) or 1-800-833-4344 to speak with an Employee Benefits Representative, Monday – Friday 9 a.m. to 3 p.m. Eastern time.

Attachments

Attachment 1

NYSHIP Vestee Rates, 2011

Note: To enroll in an HMO, you must live or work[†] in the HMO's service area. If you no longer live or work in the NYSHIP service area of the HMO in which you are now enrolled, you must change to another plan. Please check *Choices* or contact the HMO for NYSHIP service area information.

Code	Plan Name	Individual	Family
001	The Empire Plan https://www.cs.state.ny.us	592.26	1355.81
210	Aetna* www.aetna.com	733.21	2072.27
066	Blue Choice* www.excellusbcbs.com	462.44	1101.15
063	Capital District Physicians' Health Plan (CDPHP)* (Capital District) www.cdphp.com	536.63	1319.68
300	Capital District Physicians' Health Plan (CDPHP)* (Central) www.cdphp.com	620.41	1529.12
310	Capital District Physicians' Health Plan (CDPHP)* (W. Hudson Valley) www.cdphp.com	640.39	1578.89
067	Community Blue* www.bcbswny.com	550.95	1507.69
280	Empire BlueCross BlueShield HMO (Upstate) www.empireblue.com	687.50	1770.17
290	Empire BlueCross BlueShield HMO (Downstate) www.empireblue.com	791.51	2041.96
320	Empire BlueCross BlueShield HMO (Mid-Hudson) www.empireblue.com	793.82	2047.93
220	GHI HMO (Albany Region) www.ghi.com	762.63	1980.68
350	GHI HMO (Hudson Valley & Ulster Regions) www.ghi.com	824.47	2148.69
050	HIP Health Plan of New York* www.hipusa.com	612.57	1480.26
072	HMOBlue Excellus BlueCross BlueShield (Central New York Region) www.excellusbcbs.com	670.80	1630.55
160	HMOBlue Excellus BlueCross BlueShield (Utica Region) www.excellusbcbs.com	616.40	1565.46
059	Independent Health* www.independenthealth.com	532.96	1314.17
058	MVP Health Care* (Rochester) www.mvphealthcare.com	457.82	1122.94
060	MVP Health Care* (East) www.joinmvp.com	480.75	1179.85
330	MVP Health Care* (Central) www.joinmvp.com	550.22	1353.93
340	MVP Health Care* (Mid-Hudson) www.joinmvp.com	538.09	1323.66
360	MVP Health Care (North) www.joinmvp.com	638.95	1575.82

[†] If Medicare-primary, check with the plan. * Medicare-primary enrollees will be enrolled in this plan's Medicare Advantage Plan.

Attachment 2

NYSHIP COBRA/Continuation Coverage Rates, 2011

Note: To enroll in an HMO, you must live or work[†] in the HMO's service area. If you no longer live or work in the NYSHIP service area of the HMO in which you are now enrolled, you must change to another plan. Please check *Choices* or contact the HMO for NYSHIP service area information.

Code	Plan Name	Individual	Family
001	The Empire Plan https://www.cs.state.ny.us	604.11	1382.93
210	Aetna* www.aetna.com	747.87	2113.72
066	Blue Choice* www.excellusbcbs.com	471.69	1123.17
063	Capital District Physicians' Health Plan (CDPHP)* (Capital District) www.cdphp.com	547.36	1346.07
300	Capital District Physicians' Health Plan (CDPHP)* (Central) www.cdphp.com	632.82	1559.70
310	Capital District Physicians' Health Plan (CDPHP)* (W. Hudson Valley) www.cdphp.com	653.20	1610.47
067	Community Blue* www.bcbswny.com	561.97	1537.84
280	Empire BlueCross BlueShield HMO (Upstate) www.empireblue.com	701.25	1805.57
290	Empire BlueCross BlueShield HMO (Downstate) www.empireblue.com	807.34	2082.80
320	Empire BlueCross BlueShield HMO (Mid-Hudson) www.empireblue.com	809.70	2088.89
220	GHI HMO (Albany Region) www.ghi.com	777.88	2020.29
350	GHI HMO (Hudson Valley & Ulster Regions) www.ghi.com	840.96	2191.66
050	HIP Health Plan of New York* www.hipusa.com	624.82	1509.87
072	HMOBlue Excellus BlueCross BlueShield (Central New York Region) www.excellusbcbs.com	684.22	1663.16
160	HMOBlue Excellus BlueCross BlueShield (Utica Region) www.excellusbcbs.com	628.73	1596.77
059	Independent Health* www.independenthealth.com	543.62	1340.45
058	MVP Health Care* (Rochester) www.mvphealthcare.com	466.98	1145.40
060	MVP Health Care* (East) www.joinmvp.com	490.37	1203.45
330	MVP Health Care* (Central) www.joinmvp.com	561.22	1381.01
340	MVP Health Care* (Mid-Hudson) www.joinmvp.com	548.85	1350.13
360	MVP Health Care (North) www.joinmvp.com	651.73	1607.34

[†] If Medicare-primary, check with the plan. * Medicare-primary enrollees will be enrolled in this plan's Medicare Advantage Plan.