

PLANNING FOR OPTION TRANSFER

For New York State Employees, the Legislature,
and the Unified Court System



Thinking about changing your health insurance options?

Need help choosing a plan?

In November, your agency Health Benefits Administrator will receive a supply of Choices for 2005, your guide to NYSHIP health insurance options. If you are thinking about changing your option, read the plan descriptions of options available in your area and compare the coverage that is important to you and your family. Use the decision-making checklist in Choices as your guide. If you have specific questions, call the plan directly. Plan phone numbers are included in Choices.

Information about the cost of each option will be sent to your agency and your home when the rates are approved. This information will also be posted on our web site at www.cs.state.ny.us. You will have 30 days from the date your agency receives the rates to change your option. 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. **No action is required if you wish to keep your current health insurance option.**

Depending on your group and eligibility, the upcoming months may also be a time for you to make other important decisions about your benefits. These decisions may relate to the Flex Spending Account, the Pre-Tax Contribution Program (PTCP), or the Productivity Enhancement Program (PEP). See the calendar and articles that follow for important deadlines and more information on these programs.

Option Transfer Period

The annual Option Transfer Period allows you to change your health insurance option for the next calendar year. You may change from an HMO to The Empire Plan, or from The Empire Plan to an HMO, or from one HMO to another HMO in the area where you live or work.

Pre-Tax Contribution Program

Under the Pre-Tax Contribution Program (PTCP), you may have your share of the health insurance premium deducted from your wages before taxes are withheld. Participation in this program may lower your taxes. You were automatically enrolled in this program when you became eligible for health insurance, unless you declined to participate. Your paycheck stub shows whether you are enrolled in PTCP. "Regular Before Tax Health" will appear in the Before Tax Deductions column if your health insurance premium is deducted from your wages before taxes are withheld. "Regular After Tax Health" will appear in the After Tax Deductions column if your health insurance premium is deducted from your wages after taxes are withheld. Note: "Regular Before Tax Health" will appear in the Before Tax Deductions column AND "Regular After Tax Health" will appear in the After Tax Deductions column if you have elected pre-tax and have a non-federally qualified domestic partner, since under federal law, the domestic partner's premium cannot be deducted before taxes are withheld.

continued on page 2

IMPORTANT DATES

October Deadline!

- PEP enrollment period **October 4 to October 29** .

- Flex Spending Account (Health Care Spending Account or Dependent Care Advantage Account) open enrollment period is **September 27 to November 10** .

Note: Ask your agency Health Benefits Administrator if you are eligible for this benefit. If you are currently enrolled in HCSAccount or DCAAccount, you must re-enroll if you wish to continue your benefits in 2005.

- NYSHIP Choices for Active Employees are sent to agencies.
- PTCP enrollment period is **November 1 to November 30** .
- NYSHIP Rates & Deadlines is mailed to homes upon rate approval.
- Option Transfer information posted on web site: www.cs.state.ny.us. Click on "Employee Benefits" and then on "Choosing a Health Plan?"

NOVEMBER 2004						
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- Option Transfer Period deadline as announced in NYSHIP Rates & Deadlines.
- Some new health insurance option effective dates as announced in NYSHIP Rates & Deadlines.

DECEMBER 2004						
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- Flex Spending Account begins **January 1, 2005**.
- PEP begins **January 1, 2005**.
- Some new health insurance option effective dates as announced in NYSHIP Rates & Deadlines.

JANUARY 2005						
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Pre-Tax Contributions

If you wish to change your pre-tax selection for 2005, you must see your agency Health Benefits Administrator and complete a health insurance transaction form no later than November 30, 2004. **No action is required if you wish to keep your current status.** Under the Internal Revenue Service (IRS) rules, you may change your health insurance deduction during the tax year only after one of the following PTCP-qualifying events:

- You have a change in family status (e.g. marriage, birth, death, legal separation, divorce, only dependent child attaining the maximum age for coverage).
- You are enrolled in a Health Maintenance Organization (HMO) and no longer live or work within that HMO's service area and you must choose another HMO or The Empire Plan.
- Your spouse loses coverage due to termination of employment and you apply for coverage for your spouse under NYSHIP.
- You first become eligible for health insurance coverage after the beginning of the tax year.
- Your employment with the State terminates or you retire.
- Your spouse has a change in employment status, which results in either acquiring or losing eligibility for health insurance coverage.
- You receive a divorce or legal separation and are required under a court order to provide health insurance coverage for your eligible dependent children and/or legally separated spouse.
- There is a significant change in your or your spouse's health coverage, related to his/her employment.

on Program (cont'd)

Changes in coverage that stem from any of these qualifying events must be made within 28 days of the event (30 days for a change of coverage because of the birth of a child). Delays may be expensive. For example, if in June you qualify to change from Family coverage to Individual coverage but you miss the 28-day deadline to make the change, you must keep Family coverage through December. For most options, the extra six months of Family coverage will cost you over \$450.

Changes that do not stem from a qualifying event are defined by the IRS as arbitrary health insurance coverage changes. These arbitrary changes in health insurance coverage cannot change the amount of your pre-tax health insurance deduction.

Since there can be no change in your deduction as a result of arbitrary coverage changes once the amount is set for the tax year, NYSHIP enrollees who are enrolled in PTCP are not permitted to make the following two changes during the tax year. You may make the following changes only in November:

- Change from Family to Individual coverage while your dependents are still eligible for coverage unless the change stems from a qualifying event; or
- Voluntarily cancel your coverage while you are still eligible for coverage unless the change stems from a qualifying event.

These limitations apply only to changes made during the tax year when there is not a qualifying event.

Always be sure to notify your agency Health Benefits Administrator if your phone number or home address changes.

Productivity Enhancement Program (PEP)*

For eligible employees of the State of New York Executive and Judicial Branch who are Management/Confidential or represented by CSEA, PEF, DC-37; Unified Court System

Eligible full and part-time employees may exchange previously accrued vacation credits and/or personal leave in return for a credit to be applied toward the employee share of their NYSHIP premium. Full-time employees who enroll in the program during 2005 will forfeit a total of 3 days (22.5 or 24 hours for 37.5 and 40 hour workweeks, respectively)** of annual and/or personal leave standing to their credit at the time of enrollment in return for a credit of up to \$400 to be applied toward the employee share of NYSHIP premiums. Eligible part-time employees will be allowed to participate on a prorated basis during each year in which the Program is offered. Between October 4 and October 29, 2004, you may choose this option for the 2005 calendar year. Ask your agency Personnel Office for details and an application.

If you are currently enrolled in PEP, you must re-enroll if you wish to continue your benefits in 2005.

* This benefit is known as the Health Option Program (HOP) for eligible employees of the Judicial Branch.

** Eligible full-time Institution Teachers represented by PEF will forfeit 1, 2 or 3 days.

Flex Spending Account

For eligible employees of the State of New York Executive Branch who are Management/Confidential or represented by CSEA, PEF, UUP, NYSCOPBA, Council 82, DC-37, PIA, PBA; legislature; Unified Court System.

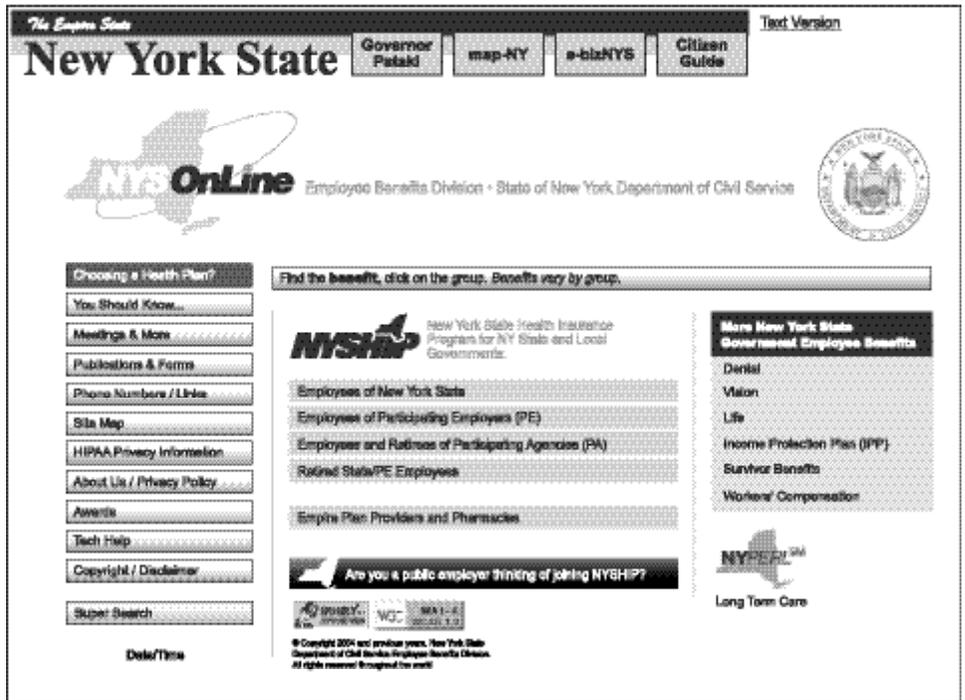
The Flex Spending Account is a benefit that saves you money by allowing you to pay for certain expenses with pre-tax dollars. Under this program, you can choose two benefits.

- The Health Care Spending Account (HCSAccount) is a benefit that lets you set aside up to \$3000 in pre-tax salary to pay for health-related expenses that are not reimbursed by your health insurance or any other benefit plan.
- The Dependent Care Advantage Account (DCAAccount) allows you to set aside up to \$5000 in pre-tax salary for eligible child care, elder care or disabled dependent care expenses.

If you are currently enrolled in the Flex Spending Account, you must e-enroll if you wish to continue your benefits in 2005.

NYS OnLine: Your Benefits Resource www.cs.state.ny.us

NYS OnLine answers many questions for NYSHIP enrollees. "You Should Know..." gives a heads-up on publications or important benefit information. You can select your group and see current health insurance information, link to The Empire Plan Participating Provider Directory online and find useful phone numbers. Choices and other Option Transfer publications are available online as soon as they are approved for printing. Rates are also posted promptly upon approval. NYS OnLine meets universal accessibility standards adopted by New York State for NYS Agency web sites and has been honored for excellence in health benefits presentation by the WWW Health Awards and APEX Awards.



It is the policy of the State of New York Department of Civil Service to provide reasonable accommodation to ensure effective communication of information in benefits publications to individuals with disabilities. These publications are also available on the Employee Benefits Division web site (www.cs.state.ny.us), which meets universal accessibility standards adopted by New York State for NYS Agency web sites. If you need an auxiliary aid or service to make benefits information available to you, please contact your agency Health Benefits Administrator. COBRA Enrollees: Contact the Employee Benefits Division at 518-457-5754 (Albany area) or 1-800-833-4344 (U.S., Canada, Puerto Rico, Virgin Islands).

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Department of Civil Service
Employee Benefits Division
The State Campus
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www.cs.state.ny.us**

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and Other Enrolled Dependents

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