



**PA Institutes 2008
Legal and Policy Review/Update**

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Agenda

1. Legislation Review

- DCS/EBD – Sponsored Legislation
- Other Legislation of Interest

2. Review of NYSHIP Vestee/Retiree Rules

3. Review of NYSHIP Eligibility Rules

4. Policy Changes

- Same Sex marriage
- COBRA premium
- EBD Internal Controls Review Committee
- Medicare Part B surcharge reimbursement

5. Dependent Eligibility Proofs – The Final Chapter (?)

Legislation Review

DCS/EBD Legislative Proposals

- S-3757 (2007) – Proposed to charge interest on late premium payments from PAs and PEs
 - No action
- Proposal to allow self-funding of Empire Plan Rx benefits
 - No action

Other Legislation

- S06457
 - Study of public sector retiree benefits
 - 1 year moratorium on changes
 - Vetoed - Study to be authorized by executive order
- A09942/S6650
 - 1 year extension of protection of school district retiree benefits
 - Signed by Gov. Paterson 4/08, Chapter 43
- A07699
 - Coverage for volunteers allowed under public sector employer plans
 - Signed as Chapter 331
 - EBD checking application to NYSHIP

NYSHIP Vestee/Retiree Eligibility

- Vesting
 - Retiree service requirement met – vested coverage must be offered
 - Only restriction permitted –limit to within 5 years of retiree eligibility
 - Full premium must be paid OR vesting can be accomplished through continuation of NYSHIP with another NYSHIP agency or as dependent on another NYSHIP contract
 - Vestees entitled to claim retiree coverage unless retiree eligibility established elsewhere

NYSHIP Vestee/Retiree Eligibility

- Retiree Eligibility

- Established age and service requirement met – retiree coverage must be offered
- Cannot limit entitlement to only pension recipients
- Retiree coverage can be deferred – entitlement continues unless eligibility established elsewhere
- Retirees cannot be restricted to individual coverage if eligible dependents
- Retiree coverage cannot be ended at age 65.

Review of NYSHIP Eligibility

- Contract Employees
 - Must be actual employees, not sub-contractors (Salary subject to FICA, other taxes)
 - Contract can establish class of one, but employer must contribute minimum
- Volunteers
 - Generally, not eligible; analysis of new legislation pending

Review of NYSHIP Eligibility

- Unpaid Elected Officials/School Board members
 - Must pay full cost
 - Must be publicly elected to be eligible
 - 20 years of service for retiree coverage
- Board members of Public Authorities
 - Employer may contribute, if not prohibited by other law/reg; or may be required to pay full cost
 - NYSHIP does not review contribution prohibition
 - If employer contribution must be at least NYSHIP minimum
 - 20 years of service for retiree coverage

Same Sex Marriage Recognition

- NYSHIP Policy 129, which prohibited coverage of same sex spouses, was amended May 1, 2007
- Policy recently reaffirmed by Governor Paterson executive order.
- Same sex marriages recognized for NYSHIP coverage if marriage legal where it occurred
- Current recognized jurisdictions:
 - Canada, Spain, South Africa, the Netherlands, Belgium, Massachusetts, California and Norway

NYSHIP COBRA Changes

- Rate Change –

Effective April 1, 2008, NYSHIP premium rates include dividend and interest credits for COBRA and Continuity of Coverage enrollees.

- Result of review of clarified COBRA regulations regarding premium charges.
- COBRA rates are now at net premium rather than gross premium.

EBD Internal Controls Review Committee

- EBD goal to standardize all policies concerning plan administration
- Have reviewed rules for coverage cancellation and re-instatement to ensure consistency of policy and practice across all EBD units
- Effort aims at making rules and criteria as objective, fair and consistent as possible

Medicare Part B Premium Reimbursement

- Effective 1/1/07, **Medicare** Part B premium became **“income related”**.
- In addition to standard premium paid by all, **monthly “adjustment amounts”** are added based on individual’s taxable income exceeding a specified amount.
- Additional amount variable based on income. For 2009, applies to taxable incomes \$85,000+ (2007 tax return).
- Base premium for 2009 remains at \$96.40

Medicare Part B IRMAA Premium Reimbursement Update

- Section 167- a requires reimbursement of the “amount equal to the Part B premium charge actually paid by the individual”
- December 2007- DCS issued PE07-40 and letter to Enrollees to communicate annual reimbursement procedures for the Income Related Monthly Adjustment Amount (IRMAA)

IRMAA Reimbursement Update

- State continues to reimburse base premium monthly.
- IRMAA reimbursement done annually upon request at end of year (prior to following May)
- Claimants must provide copy of IRMAA notice (rec'd at start of year) and Form 1099 showing actual amount paid (rec'd at end of year)
- Recommend PAs require the same documentation

Dependent Eligibility Proofs

The **Final** Chapter....

Dependent Eligibility Proofs

- Scrutiny of NYSHIP and all public sector benefits intensifying as costs escalate
- As continuation of NYSHIP proof requirements, DCS/EBD issued RFP for vendor to perform dependent eligibility audit
- Before audit begins, “amnesty” period to be offered to allow removal of ineligible dependents from NYBEAS without repercussions
- S6806-c passed as Article VII bill on 4/4/08 (amends Article XI to allow for amnesty)

Dependent Eligibility Proofs

- During amnesty period, ineligible dependents can be removed on a current basis
- No claims checks will be done
- No retroactive premium refunds allowed
- Following amnesty, dependent eligibility will be researched during audit and appropriate recovery sought

???QUESTIONS???