

Planning for

OPTION Transfer

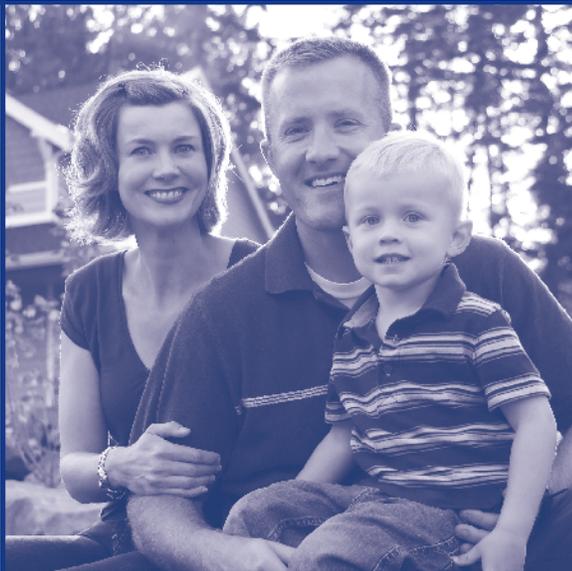
Thinking about changing your health insurance option?

For Employees of the State of New York who are unrepresented, represented by PEF or Employees of the Unified Court System represented by unions other than CSEA, their Dependents, COBRA Enrollees with their NYSHIP Benefits and Young Adult Option Enrollees (Check with your agency Health Benefits Administrator (HBA) or union if you are uncertain.)



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November 2011



Need help choosing a plan?

In November, your agency Health Benefits Administrator (HBA) will receive *Choices for 2012*, your guide to New York State Health Insurance Program (NYSHIP) health insurance options. If you are thinking about changing your option, read the descriptions of plans in your area and compare and contrast the benefits important to you and your family.

The checklist in *Choices* will assist you in your decision. If you have questions, call the plan directly at the phone numbers listed in *Choices*. When 2012 rates are approved, information about the cost of each option will be sent to your agency, your home and will be posted at <https://www.cs.ny.gov>. From the home page, choose Benefit Programs then NYSHIP Online and select your group and plan, if prompted. Rate information is posted under Health Benefits & Option Transfer. You will have 30 days from the date your agency receives the rates to change your option.

During the Option Transfer Period, you may change your health insurance option for the next calendar year:

- from a NYSHIP HMO to The Empire Plan,
- from The Empire Plan to a NYSHIP HMO,
- from one NYSHIP HMO to another NYSHIP HMO that has a NYSHIP service area where you live or work, or
- from a NYSHIP health plan to the Opt-out Program.

No action is required to keep your current health insurance option.

The upcoming months are the time for you to make important decisions about your benefits related to the Pre-tax Contribution Program (PTCP) and, if eligible, the Flex Spending Account and the Productivity Enhancement Program (PEP). **Note:** Young Adult Option enrollees are not eligible for these programs. The calendar and articles in this guide provide more information about deadlines and other benefits.

Pre-tax Contribution Program

Under the Pre-tax Contribution Program (PTCP), your share of the health insurance premium is deducted from your wages before taxes are withheld, which may lower your taxes.

You were automatically enrolled in PTCP when you became eligible for health insurance, unless you declined. Your paycheck shows whether or not you are enrolled in PTCP.

- If you are enrolled in PTCP, your paycheck stub shows Regular Before-Tax Health in the Before-Tax Deductions section.
- If you are not enrolled in PTCP, your paycheck stub shows Regular After-Tax Health in the After-Tax Deductions section. Your health insurance premium is deducted from your wages after taxes are withheld.

No action is required to keep your current pre-tax status.

If you wish to change your pre-tax selection for 2012, see your agency HBA and complete a health insurance transaction form (PS-404) by November 30, 2011. Under Internal Revenue Service (IRS) rules, if you are enrolled in PTCP, 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, domestic partnership begins or terminates, only dependent child attains the maximum age for coverage).
- You no longer live or work within your Health Maintenance Organization's (HMO's) NYSHIP service area and you must choose The Empire Plan or another NYSHIP HMO.
- Your spouse/domestic partner has a change in employment status, which results in acquiring or losing eligibility for health insurance coverage.
- You first become eligible for health insurance coverage after the beginning of the tax year.
- Your employment with the State terminates or you retire.
- You become divorced or legally separated and are required by 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/domestic partner's health coverage or cost of coverage.

Changes to coverage due to the above status changes must be consistent with the change in your family or employment. If you make a change in coverage not related to a qualifying event, your pre-tax insurance deduction will not change.

Changes in coverage because of these qualifying events must be made within 30 days of the event.

Delays may be expensive. For example, if you are enrolled in PTCP and qualify to change from Family to Individual coverage in June, but miss the 30-day deadline, the cost of NYSHIP Family coverage will continue to be deducted from your paycheck through December. For most options, the extra six months of Family coverage may cost you more than \$600.

NYSHIP enrollees in PTCP can make the following changes in November only:

- A change from Family to Individual coverage while your dependents are still eligible when there is no qualifying event
- Voluntary cancellation of your coverage while you are still eligible for coverage when there is no qualifying event
- Elect After-Tax Deduction

These limitations apply only to changes made when there is no qualifying event during the tax year.

Flex Spending Account

The Flex Spending Account 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) lets you set aside up to \$4,000 (\$100 minimum) in pre-tax salary to pay for health-related expenses not reimbursed by your health insurance or any other benefit plan.*
- The Dependent Care Advantage Account (DCAAccount) allows you to set aside up to \$5,000 in pre-tax salary for eligible child care, elder care or disabled dependent care expenses.

The current DCAAccount Employer Contribution ends at the end of 2011. Future availability of the Employer Contribution depends on the outcome of negotiations between the State and the unions that participate in the program. For Employer Contribution updates please visit www.flexspend.ny.gov or call 1-800-358-7202.

NYSHIP's Young Adult Option

During the Option Transfer Period, eligible young adult children of NYSHIP enrollees can enroll in the Young Adult Option and current Young Adult Option enrollees will be able to switch plans. This option allows unmarried, young adult children, up to age 30 to purchase their own NYSHIP coverage. The premium is the full cost for Individual coverage for the NYSHIP option selected. For more information on the Young Adult Option, go to <https://www.cs.ny.gov/yao> and choose your group.

The open enrollment period for the Flex Spending Account is October 14, 2011 through November 14, 2011. **If you are currently enrolled in the Flex Spending Account, you must reenroll by November 14, 2011 to continue your participation in 2012.** Eligible employees may get more information and enroll online at www.flexspend.ny.gov or by calling toll free 1-800-358-7202.

If you are a new State employee hired on or after November 1, 2011, you may enroll for the 2012 plan year by either completing an Open Enrollment application by the November 14 deadline or submitting a Change in Status application within 60 days of your hire date. Or, if you experience a valid change in status on or after November 15, 2011 or during the 2012 plan year, you may be eligible to enroll by submitting a Change in Status application. Review the 2012 Change in Status information on the Flex Spending Account web site at www.flexspend.ny.gov to determine if your situation qualifies you to enroll during the plan year. Change in Status requests will be accepted until November 4, 2012.

*Only federally qualified dependents' health care expenses can be reimbursed through the HCSAccount.

Productivity Enhancement Program (PEP)

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.

At the time of enrollment, full-time employees who enroll in the Program for 2012 will forfeit a total of:

- Three days (22.5 or 24 hours for 37.5- and 40-hour workweeks, respectively) of annual and/or personal leave standing in exchange for a \$500 credit to be applied toward the employee share of their NYSHIP premiums; or
- Six days (45 or 48 hours for 37.5- and 40-hour workweeks, respectively) of annual and/or personal leave standing in exchange for a \$1,000 credit to be applied toward the employee share of their NYSHIP premiums.

If you are an eligible part-time employee, you will be allowed to participate on a prorated basis each year the Program is offered. Between October 31 and December 5, 2011, you may choose this option for the 2012 calendar year. Ask your agency personnel office for details and an application.

If you are currently enrolled in PEP, you must reenroll to continue your benefits in 2012.

* SUNY Management/Confidential employees: Ask your agency HBA, usually located in your personnel office, for Program availability and details.

Opt-out Program Available for 2012

Effective January 1, 2012, NYSHIP will offer the Opt-out Program, which will allow eligible employees who have other employer-sponsored group health insurance, to opt out of their NYSHIP coverage in exchange for an incentive payment. The incentive payment is \$1,000 for waiving Individual coverage or \$3,000 for waiving Family coverage on an annual basis. The incentive payments will be prorated and reimbursed through your biweekly paycheck throughout the year (payable only when an employee is on the payroll). **Note:** The payments will be taxable income.

Electing to Opt Out

If you are currently enrolled in NYSHIP and wish to participate in the Opt-out Program, you must elect to opt out during the annual Option Transfer Period and attest to having other employer-sponsored group health insurance each year. See your agency HBA and complete the 2012 Opt-out Attestation Form (PS-409). Your NYSHIP coverage will terminate at the end of the plan year and the incentive payments will begin after January 1 (the new plan year).

If you are a new hire or a newly benefits-eligible employee who has other employer-sponsored group health insurance and wish to participate in the Opt-out Program, you must make your election no later than the first date of your eligibility for NYSHIP. See your agency HBA and complete the NYS Health Insurance Transaction Form (PS-404) and the 2012 Opt-out Attestation Form (PS-409).

Eligibility Requirements

To be eligible for the Program you must have been enrolled in NYSHIP by April 1, 2011 (or your first date of NYSHIP eligibility if that date is later than April 1), and remain enrolled through the end of the 2011 plan year.

Once you enroll in the Opt-out Program, during any period that your status changes and, as a result, you do not meet the requirements for the State contribution to the cost of your NYSHIP coverage, you are not eligible for the incentive payment. Also, if you are receiving the incentive for opting out of Family coverage and during the year your last dependent loses NYSHIP eligibility, you will be eligible for only the Individual payment.

Reenrollment in NYSHIP

Employees who participate in the Opt-out Program may reenroll in NYSHIP during the next annual Option Transfer Period. To reenroll in NYSHIP coverage any other time, employees must experience a qualifying event like a change in family status (e.g.; marriage, birth, death or divorce) or loss in coverage. Employees must provide proof of the qualifying event within 30 days or any change in enrollment will be subject to NYSHIP's late enrollment rules. See the *NYSHIP General Information Book* for more details.

Important Dates

October 2011

- Flex Spending Account (HCSAccount or DCAAccount) open enrollment: October 14, 2011 to November 14, 2011.
Note: Ask your agency HBA if you are eligible for this benefit. If you are currently enrolled in the HCSAccount or DCAAccount, you must reenroll to continue your participation in 2012.
- PEP enrollment: October 31, 2011 to December 5, 2011.
Note: Ask your agency HBA if you are eligible for this benefit. If you are currently enrolled in PEP, you must reenroll to continue participation in 2012.

November 2011

- NYSHIP *Choices* for active employees is sent to agencies. See your agency HBA for a copy or visit <https://www.cs.ny.gov>.
- PTCP enrollment: November 1 to November 30, 2011.
- Deadline for enrolling in the Flex Spending Account: November 14, 2011.
- *NYSHIP Rates & Deadlines* is mailed to homes when rates are approved and posted online.
- Option Transfer information is posted at <https://www.cs.ny.gov>. Online option transfer is also available through MyNYSHIP.

December 2011

- Option Transfer Period deadline as announced in *NYSHIP Rates & Deadlines*.
- Young Adult Option open enrollment period.
- New health insurance option effective date for Institution Payroll employees as announced in *NYSHIP Rates & Deadlines*.
- Deadline for enrolling in PEP: December 5, 2011.

January 2012

- Flex Spending Account begins January 1, 2012.
- New health insurance option effective date for Administration Payroll employees as announced in *NYSHIP Rates & Deadlines*.

See Opt-out Program Questions and Answers on pages 5 and 6.

Opt-out Program

Questions and Answers

- Q.** What is considered other employer-sponsored group health insurance coverage for the purpose of qualifying for the Opt-out Program?
- A.** To qualify for the Program you must be covered under an employer-sponsored group health insurance plan through other employment of your own or a plan that your spouse, domestic partner or parent has as the result of his or her employment. The other coverage cannot be NYSHIP coverage provided through employment with the State of New York. However, NYSHIP coverage through another employer such as a municipality, school district or public benefit corporation qualifies as other coverage.
- Q.** Will I qualify for Opt-out Program incentive payments if I change from Family to Individual coverage?
- A.** No. If you are enrolled for NYSHIP coverage you will not qualify for the incentive payment.
- Q.** If I elect the Opt-out Program for 2012, will I automatically be enrolled in the Program for the following plan year?
- A.** No. Unlike other NYSHIP options, you must elect the Opt-out Program on an annual basis. If you do not make an election for the next plan year, your enrollment in the Opt-out Program will end and the incentive payment credited to your paycheck check will stop.
- Q.** If I opt out and I find that I don't like my alternate coverage (for instance, my doctor does not participate) can I withdraw my enrollment in the Opt-out Program and reenroll in NYSHIP coverage?
- A.** No. This is not a qualifying event. During the year you can terminate your enrollment in the Opt-out Program and reenroll in NYSHIP benefits only if you experience a qualifying event (according to federal Internal Revenue Service (IRS) rules), such as a change in family status or loss of other coverage.
- Q.** If my spouse's (domestic partner's or parent's) employer has its open enrollment period (or option transfer period) at a different time of the year, how can I coordinate the effective date of my other coverage with the start of the Opt-out Program?
- A.** Under IRS rules, if an employee's spouse drops coverage under his or her employer plan during Option Transfer, the employee can be permitted to enroll the spouse mid-year in his or her employer plan – as long as the plans have different open enrollment periods. **You should check to see whether your spouse's employer will permit your spouse to enroll you as a dependent.** You are responsible for making sure your other coverage is in effect.
- Q.** What if I lose my other coverage and do not request enrollment for NYSHIP benefits with The Empire Plan or a NYSHIP HMO within 30 days of losing that coverage?
- A.** If you fail to make a timely request, you will be subject to NYSHIP's late enrollment waiting period, which is five biweekly pay periods. You will not be eligible for NYSHIP coverage during the waiting period.
- Q.** Can I get a lump sum payment if I elect the Opt-out Program?
- A.** No. The Opt-out Program incentive payment is prorated and reimbursed through your biweekly paycheck throughout the year.
- Q.** If I am eligible for health, dental and vision coverage as a State employee, do I have to opt out of all three benefits to receive the incentive payment?
- A.** No. The Opt-out Program incentive payment applies to health insurance coverage only. If you enroll in the Program, your eligibility for dental and vision coverage will not be affected.
- Q.** When I enroll in the Opt-out Program, what information will I need to provide about the other employer-sponsored group health coverage I will be covered by?
- A.** To enroll you must complete a PS-409. You will be required to attest that you are covered by other employer-sponsored group health coverage and provide information regarding the person that carries that coverage, as well as the name of the other employer and other health plan.

Continued on next page

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NYSHIP Information for the Enrollee, Enrolled Spouse/
Domestic Partner and Other Enrolled Dependents

Planning for Option Transfer Settled – November 2011

Please do not send mail or correspondence to the return address above. See the front cover for address information.

It is the policy of the New York State 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 Department of Civil Service web site (<https://www.cs.ny.gov>). Click on Benefit Programs then NYSHIP Online for timely information that 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).

Planning for Option Transfer Settled was printed using recycled paper and environmentally sensitive inks. NF0464 *Planning for OT Settled/November 2011*

Opt-out Program Questions and Answers, continued

- Q.** I had Individual NYSHIP coverage prior to April 1, 2011, and changed to Family coverage when I got married in July. Will I qualify for the \$3,000 family incentive payment even though I did not have Family coverage as of April 1?
- A.** Employees who enrolled in Family coverage due to a qualifying event and did so on a timely basis between April 1, 2011 and the end of 2011 are eligible for the higher incentive payment. You will not be eligible for the higher incentive payment if you enrolled for Family coverage after April 1 and were subject to a late enrollment waiting period.
- Q.** Will participating in the Opt-out Program affect my eligibility for NYSHIP coverage in retirement?
- A.** No. Participation in the Opt-out Program satisfies the requirement of enrollment in NYSHIP at the time of your retirement.

Retirement Premium Contribution Rates

As permitted under Civil Service Law, the negotiated changes to the NYSHIP premium contribution rates are being extended to employees retiring from State service on or after January 1, 2012. Those who retire on or after January 1, 2012 from a Salary Grade 9 title or below or from a position equated to Salary Grade 9 or below will pay 12 percent of the cost of Individual coverage and 27 percent of the cost of dependent coverage. Those who retire on or after January 1, 2012 from a Salary Grade 10 title or above or from a position equated to Salary Grade 10 or above will pay 16 percent of the cost of Individual coverage and 31 percent of the cost of dependent coverage. The State's contribution to the cost of NYSHIP HMO coverage will continue to be capped based on the cost of Empire Plan coverage.