

Requirements for Agency Participation

NYSHIP is established under Article XI of the NYS Civil Service Law for the purpose of providing health insurance benefits to State employees and retirees and their eligible dependents. The law also allows for inclusion of the employees and retirees of public authorities, public benefit corporations, school districts, special districts, district corporations, and municipal corporations, excluding cities having a population of one million or more. Local government entities that elect to participate in NYSHIP are known as "Participating Agencies."

Participating Agencies must comply with all laws, regulations and policies. Requirements for participation in NYSHIP include:

Election to participate: The governing body of the agency must adopt a resolution electing participation in NYSHIP. For municipal corporations, if required by law, the resolution must be approved by any other applicable body or officer.

Designation of classes to be included: A Participating Agency must designate which classes of employees/retirees are eligible for inclusion under NYSHIP. A Participating Agency may extend coverage to all its eligible employees, or to a single class of employees, or to several classes of employees or designated bargaining units provided the classifications are reasonable and do not establish an arbitrary or discriminatory distinction among the agency's employees.

Examples of classes and categories:

1. All enrollees, including employees, retirees and dependent survivors
2. All employees of a bargaining unit
3. All non-represented employees
4. All employees of a bargaining unit hired on or after a specific date
5. All retirees
6. All retirees who retire on or after a specific date

Note: A Participating Agency may elect to cover active employees only. However, an agency **must** cover active employees to cover retirees.

Minimum participation levels: Before NYSHIP coverage can be effective, a Participating Agency must meet the following minimum participation levels:

- a. If an agency elects to extend coverage to a single class of employees, at least 75% of the eligible employees in that class must be enrolled in NYSHIP or an HMO or other employer sponsored plan before coverage can become effective.

- b. If an agency elects to extend coverage to two or more classes of employees at the same time, at least 75% of the eligible employees in the combined classes must be enrolled in NYSHIP or an HMO or other employer sponsored plan before coverage can become effective.
- c. If a class of employees not covered initially is later offered the opportunity to enroll, at least 75% of the eligible employees of that class must be enrolled in NYSHIP or an HMO or other employer sponsored plan before coverage can become effective.
- d. If two or more classes not initially covered are later offered the opportunity to enroll, at least 75% of the eligible employees in the combined classes must be enrolled in NYSHIP or an HMO or other employer sponsored plan before coverage can become effective.

For the purpose of establishing minimum participation levels, prior retirees are considered to be a class.

Minimum contribution level: Participating Agencies are required under NYS Law to pay a minimum employer-share contribution rate of 50% of the cost of Individual coverage and 35% of the cost of Dependent coverage under NYSHIP on behalf of enrolled active employees and retirees. However, such agencies may elect or negotiate to pay any higher rate of contribution up to 100% of the cost of both Individual and Dependent coverage.

A Participating Agency may change contribution rates. An agency must notify the Employee Benefits Division (EBD) of any change in their rate of contribution. Notice of the proposed change should be sent to the Employee Benefits Division at least 90 days in advance of the first month for which the new rate will become effective. In no case may the contribution rate be lower than the statutory minimums.

For certain categories of enrollees, a Participating Agency is **not** required to pay the minimum contribution rate of 50% / 35%. Refer to the appropriate sections in this manual for specific information on the rates of contribution for the following:

1. Enrollees temporarily removed from the payroll (authorized leave of absence)(See Section 3.4);
2. Enrollees in vested status (See Section 3.14);
3. Enrollees who are dependent survivors (See Section 3.10);
4. Enrollees who are covered under either COBRA (See Section 3.12) or NYS Continuation of Coverage (See Section 3.11);
5. Enrollees whose eligibility is based on their being a school board member of a Participating Agency (See Section 2.1);
6. Unpaid Board Members of Public Authorities (See Section 2.1);

7. Unpaid Publicly Elected Board Members (See Section 2.1);
8. Unpaid Local Publicly Elected Officials (See Section 2.1).

Participating Agencies have the flexibility to establish their own policies within certain areas of NYSHIP. The following is a summary of those areas in which discretion is granted:

1. Years of service required for continued benefits after retirement (i.e., can be greater than 5 years as outlined in Section 3.7)
2. Different contribution rates for different classes of enrollees (survivors/retirees included), provided the minimum contribution rate is satisfied for each class. (See Section 1.5)
3. Restriction of vesting coverage to employees within 5 years of retirement eligibility (i.e., a vestee must be within 5 years of retirement to be eligible for vestee coverage)
4. The waiting period for new employees (not exceeding 6 months)
5. Election of Domestic Partner coverage
6. Recognition of prior public service in order to meet the minimum service requirement for eligibility in retirement
7. Allowing or prohibiting two family policies. A Participating Agency may elect to prohibit two family policies if both enrollees work for the same Agency. However, a Participating Agency may not prohibit Family coverage if a dependent has Family coverage through a different Participating Agency.
8. Frequency of Medicare Part B reimbursement (i.e., monthly, quarterly, or yearly)
9. The duration of NYSHIP coverage for employees who resign or are terminated (See Section 3.9)

Medicare Part B Reimbursement: Regardless of a Participating Agency's rate of contribution, Section 167a of the NYS Civil Service Law requires that the Participating Agency must also reimburse the Medicare Part B premium for each enrollee (i.e., retiree, spouse or other eligible dependent of retiree) who is eligible for Primary benefits under Part B of the Federal Medicare Program whether or not the person has enrolled in Part B of the Medicare Program (see Section 3.8). An enrollee eligible for Primary benefits under Medicare is entitled to this reimbursement since benefits under NYSHIP are reduced to the extent that benefits are available under Medicare.

1. A Participating Agency may **not** reduce its employer rate of contribution for an enrollee due to the fact that he or she or an eligible dependent becomes

entitled to Primary benefits under Medicare and thus eligible for the Medicare Reimbursement.

2. Note that a Participating Agency is not required to reimburse the cost of the Medicare Part B premium when NYSHIP is Primary. For example, NYSHIP is Primary for an enrollee who is an active employee even though the person is 65 years of age. When he or she retires, Medicare would then become the Primary insurer.