

Rates of Contribution

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 establish or negotiate different rates of contribution for different categories of employees. However, any such categories must be reasonable classifications which would not constitute an arbitrary or discriminatory distinction.

Permitted differences. Some types of permitted differences in contribution rate are:

1. Different rates of contribution for different bargaining units. For example, different rates for personnel represented by a uniformed services bargaining unit and those represented by an administrative services bargaining unit.
2. Different rates of contribution for enrollees in a particular bargaining unit hired before a specified date and enrollees in the same bargaining unit hired after that date.
3. Different rates of contribution for tenured employees and non-tenured employees.
4. Different rates of contribution for full-time and part-time employees. In these cases, rates may also vary for different categories of full-time and part-time employees.
5. Different rates of contribution for different groups of retirees, based on bargaining units. For example, a Participating Agency could negotiate different rates in retirement for teaching and non-teaching personnel.
6. Different rates of contribution for enrollees who retire from vested status.
7. Different rates of contribution for different groups of retirees based on age at date of retirement, length of service with the employer or both.

Example: A Participating Agency has a bargaining unit composed of police and firemen who are eligible to retire after 20 years of service regardless of age and another bargaining unit for employees who must meet the minimum age requirement of 55. The agency could negotiate one rate of contribution for those employees who retire at age 55 with at least 10 years of service and a different rate for those police or firemen who chose to retire at a younger age.

Prohibited differences. Prohibited differences in rates of contribution include:

1. Different rates of contribution based on Medicare eligibility; Medicare eligibility is not a permitted distinction in establishing a separate category for rates of contribution.
2. Any difference in rates of contribution using a basis that constitutes an arbitrary or discriminatory distinction.
3. Persons who do not meet the eligibility requirements outlined in Section 2.1 are not eligible to enroll in NYSHIP even by paying the full cost of coverage.

Note: An agency may change rates of contribution; however, any Participating Agency considering a rate structure not listed above must contact the Employee Benefits Division in writing. The Division will inform the agency if the proposed contribution rate structure is permissible.