

## Change of Coverage

### *Pre-Tax Contribution and Changes in Coverage*

If the Participating Agency requires an employee contribution and deducts the NYSHIP premium from their enrollees on a pre-tax basis, there are limitations on when enrollees can change their health insurance coverage during the tax year. In general, Internal Revenue Service regulations require an employer to take a fixed pre-tax contribution toward an employee's coverage throughout the year unless a qualifying change in status event occurs.

While certain changes in coverage are permitted under NYSHIP rules "at any time," enrollees participating in an agency's pre-tax contribution program may find it to their financial advantage to wait until the end of the tax year to make changes in coverage if the IRS limitations on changes in deductions apply to those changes. The Agency should consult with their tax professional.

### *Change of Coverage: Individual to Family or Family to Individual*

1. An employee or retiree may apply for a change from Individual to Family or Family to Individual coverage at any time.

If an employee or retiree no longer has eligible dependents, the enrollee must change his or her coverage from Family to Individual.

2. To change coverage, prepare and submit a Health Insurance Transaction form (PS-503.1) with the appropriate transaction to NYBEAS.
  - a. The enrollee should indicate the reason for the change and the date of event on the transaction form. **The enrollee must also provide proper documentation to support proof of the relationship for dependents.** (See Section 2.2)
  - b. For a change to Family coverage
    - 1) If a dependent is other than the enrollee's spouse, natural born child, adopted child, or dependent stepchild, the enrollee must complete a Statement of Dependence form (PS-457; refer to Section 2.2) A separate form must be completed for each such dependent.
    - 2) If a dependent being added is 19 years of age or older and is disabled, a Statement of Disability Dependent 19 Years of Age or Older form (PS-451) must be completed (See Section 2.3).
  - c. Determine the effective date of Family or Individual coverage in accordance with Section 2.7.

### *Changes in Coverage when both spouses are enrolled in NYSHIP*

When a husband and wife are each enrolled in the New York State Health Insurance Program with Individual coverage through their employers (Participating Agency, Participating Employer, or State Agency), either spouse may change to Family coverage and include the other spouse as a dependent at any time. (Dual Family coverage is not permitted if one is employed by a State Agency.) Although the other spouse is eligible to continue with Individual coverage, he or she may choose to cancel his or her Individual coverage and be covered only as a dependent of the spouse enrolling with Family coverage. In such cases, the spouse who cancels Individual coverage may reapply for coverage as an enrollee at any later date provided he or she is still eligible for such coverage.

1. Changing from Two Individual Coverages to One Family Coverage
  - a. The spouse who wishes to be covered as a dependent only must complete a transaction form requesting cancellation of Individual coverage.

If such spouse is an employee or retiree of the Participating Agency, prepare and submit a Health Insurance Transaction form (PS-503.1) with the appropriate cancellation transaction.
  - b. The spouse changing to Family coverage must complete a transaction form indicating the reason for change and date of event.
  - c. If the husband and wife are employed by or retired from different agencies, the Health Benefits Administrators of the two agencies should coordinate their efforts to avoid any possible lapse in coverage.
2. Changing from Family Coverage to Two Individual Coverages
  - a. If the sole dependent of an enrollee is also an eligible employee or retiree of a Participating Agency, Participating Employer, or State Agency but not already covered as an employee or retiree in NYSHIP, Family coverage may be changed to two Individual coverages as permitted by pre-tax regulations.
  - b. To change from Family Coverage to Two Individual Coverages:
    1. The spouse enrolled with Family coverage must complete a transaction form requesting Individual coverage with the date of event and the reason for the change. If the spouse is an employee or retiree of a Participating Agency, have them submit a Health Insurance Transaction Form (PS-503.1) requesting Individual coverage. (Note: If the spouse had previous coverage under NYSHIP, please note on transaction form.)
    2. For a timely enrollment, the effective date of the Individual coverage of each Participating Agency enrollee will be the first day of the month following the month the change is requested (see Section 2.7).

3. If the enrollee and his or her dependent are employed by or retired from different agencies, the Health Benefits Administrators of the two agencies should coordinate their efforts to avoid any possible lapse in coverage.

### 3. Transfer of Family Coverage

- a. When the spouse of an employee enrolled for Family Coverage is also an eligible employee or retiree of a Participating Agency, Participating Employer, or State Agency but not already covered as an employee or retiree in the New York State Health Insurance Program, coverage may be transferred from the currently enrolled spouse to the dependent spouse .

- 1) The spouse currently enrolled with Family coverage must complete a transaction form requesting cancellation of coverage; or, if the employee is terminating his or her employment, a transaction form (PS-503.1) must be completed indicating termination of coverage as permitted by pre-tax regulations.
- 2) The spouse currently enrolled only as a dependent must complete a transaction form (PS-503.1) enrolling in Family coverage and indicating previous coverage under the New York State Health Insurance Program.

If such spouse is an employee or retiree of the Participating Agency, prepare and submit a Health Insurance Transaction Form (PS-503.1) with the appropriate transaction to NYBEAS.

- 3) If the husband and wife are employed by or retired from different agencies, the Health Benefits Administrators of the two agencies should coordinate their efforts to avoid any possible lapse in coverage.

### *Health Insurance Buyouts*

If Participating Agencies offer buyouts of NYSHIP coverage, they must do so on an annual basis and only for those who have other coverage available to them. Employees who accept the buyout will not be allowed to re-enter NYSHIP until the end of the buyout period and must enroll during the annual transfer period to have coverage without a waiting period after the buyout period ends. Persons taking a buyout who lose other coverage involuntarily may regain coverage under the rules for involuntary loss of coverage.