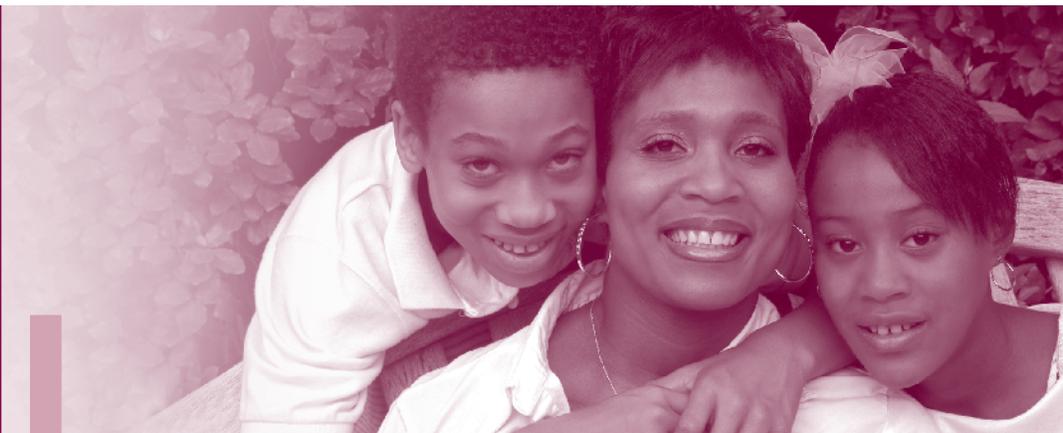


NYSHIP HMO SPECIAL REPORT



May 2012

New York State Health Insurance Program (NYSHIP) For Employees of the State of New York in Law Enforcement (NU 21) who are represented by the New York State Correction Officers and Police Benevolent Association (NYSCOPBA) and for their enrolled Dependents, COBRA Enrollees with their NYSHIP Benefits and Young Adult Option Enrollees

In This Report

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Negotiated Changes Effective October 1, 2011 and July 1, 2012

This Report describes changes affecting your NYSHIP coverage that will take effect on October 1, 2011 and July 1, 2012 as a result of the recently ratified contract between the State of New York and NYSCOPBA. They include:

October 1, 2011 Changes

- A change in the NYSHIP premium cost sharing between the State and its employees (see page 2)

July 1, 2012 Changes

- Updated life expectancy tables used to calculate the value of your monthly sick leave credit, which is applied to your health insurance premium in retirement (see page 2)
- The Health Insurance Opt-out Program (see pages 3-5)

Special Option Transfer Period in May

As the result of these negotiated changes, there will be a Special Option Transfer Period from May 4, 2012 through June 4, 2012. You will have the opportunity to change your NYSHIP option for July 1, 2012.

Your cost of coverage under The Empire Plan or a NYSHIP HMO for October 1, 2011 through June 30, 2012 will be posted on the Department web site <https://www.cs.ny.gov> no later than May 3, 2012. A rate flyer also will be mailed to your home. The web site and the rate flyer will provide details of the Special Option Transfer Period.

NYSHIP Changes

Your Biweekly Premium Contribution Rate

New York State helps pay for your health insurance coverage. After the State's contribution, you are responsible for paying the balance of your premium through biweekly deductions from your paycheck. **Effective October 1, 2011**, your share of the cost is changing based upon your pay grade level, as shown below.

Pay Grade	Individual Coverage		Dependent Coverage	
	State Share	Employee Share	State Share	Employee Share
Grade 9 and below	88%	12%	73%	27%
Grade 10 and above	84%	16%	69%	31%

Since premium deductions for your NYSHIP coverage after October 1, 2011 have already been taken, the increase in your biweekly cost for NYSHIP coverage from October 2011 through June 2012 will be calculated to determine your retroactive health insurance special adjustment. This special adjustment will be applied to the paycheck dated June 20, 2012 for Administration payroll and June 28, 2012 for Institution payroll. This is the same paycheck in which you will receive your retroactive payments, in accordance with the 2009-2016 agreement between the State and NYSCOPBA employees in law enforcement positions. In addition to the special adjustment and payments, the health insurance regular premium deduction amount will reflect the 2012 rates.

A rate flyer with rates effective July 1, 2012 will be mailed to your home on or about May 3, 2012. The additional cost of coverage under The Empire Plan or a NYSHIP HMO for October 1, 2011 through June 30, 2012 will be posted on the Department web site.

To calculate your retroactive health insurance special adjustment, go to our web site between May 4, 2012 and June 4, 2012 at <https://www.cs.ny.gov> and click on Benefit Programs, then NYSHIP Online and follow the prompts to the NYSHIP Online homepage. Select Health Benefits & Option Transfer, then choose Rates and Health Plan Choices and select Retroactive Health Insurance Special Adjustments.

Note: This information does not apply to COBRA enrollees or Young Adult Option enrollees. However, these enrollees will have a rate change as a result of negotiated benefit changes.

Updated Life Expectancy Table

Effective **July 1, 2012**, the Actuarial Table of Life Expectancy has been updated to reflect the fact that Americans are living longer. This will impact the monthly sick leave credit amount applied toward your premium payments in retirement. The number of months of life expectancy at retirement has increased and the amount of monthly sick leave credit will be lower. A sick leave credit calculator is available at the New York State Department of Civil Service web site, <https://www.cs.ny.gov>. Select Benefit Programs, then NYSHIP Online and follow the prompts to the NYSHIP Online homepage. Select What's New?

Actuarial Table Effective for Retirements on or after July 1, 2012			
Age at Retirement	Life Expectancy	Age at Retirement	Life Expectancy
55	337 months	64	250 months
56	327 months	65	241 months
57	317 months	66	232 months
58	307 months	67	223 months
59	297 months	68	214 months
60	288 months	69	205 months
61	278 months	70	197 months
62	269 months	71	188 months
63	259 months	72	180 months
		Etc.	

If you need actuarial rates for additional retirement ages, ask your agency Health Benefits Administrator.

Health Insurance Opt-out Program

Effective July 1, 2012, NYSHIP will offer an Opt-out Program that 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 annual incentive payment is \$1,000 for waiving individual coverage or \$3,000 for waiving family coverage. For the period of July 1, 2012 through December 31, 2012, the incentive payment will be \$38.47 per paycheck for individual coverage and \$115.39 per paycheck for family coverage. The incentive payments will be prorated and reimbursed in your biweekly paycheck throughout the current calendar year.

Note: The payments will be taxable income.

Eligibility Requirements

To be eligible for the Program beginning July 1, 2012, you must have been enrolled in NYSHIP by April 1, 2011 and remain enrolled through June 30, 2012. If you became newly eligible for NYSHIP benefits after April 1, 2011, you must have been enrolled since your first day of eligibility.

If you are a benefits-eligible enrollee but are newly eligible for the Health Insurance Opt-out Program due to a negotiating unit change, you must apply to opt out within 30 days of the date you become eligible. Your NYSHIP coverage will terminate on the date your request to opt out begins.

Once enrolled in the Opt-out Program, you are not eligible for the incentive payment during any period that you do not meet the requirements for the State contribution to the cost of your NYSHIP coverage. Also, if you are receiving the opt-out incentive for family coverage and your last dependent loses NYSHIP eligibility, you will only be eligible for the individual payment from that point on.

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 Special Option Transfer Period in May and attest to having other employer-sponsored group health insurance each year. See your agency Health Benefits Administrator (HBA) and complete the 2012 Opt-out Attestation Form (PS-409).

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).

Your NYSHIP coverage will terminate at the end of June 2012 and the incentive payments will begin on or after June 28, 2012 for Administration payroll and June 20, 2012 for Institution payroll and continue until the end of the plan year.

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 of coverage. Employees must provide proof of the qualifying event within 30 days of the date of the event or any change in enrollment will be subject to NYSHIP's late enrollment rules. See your *NYSHIP General Information Book* for more details.

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 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.

*Opt-out Program Questions and Answers,
continued on page 5*

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.

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 June 30, 2012 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, 2011 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.

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

NYSCOPBA (LE) HMO Special Report – May 2012

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