



**FOR PAYROLL SECRETARIES
BUY-OUT WAIVER PROGRAM
FREQUENTLY ASKED QUESTIONS**

1. WHAT IS THE BUY-OUT WAIVER PROGRAM?

The New York City Buy-out Waiver Program allows eligible City employees to receive an incentive payment for waiving their City health coverage. Payments are issued in June and December, at a rate of \$500 for individuals (employee only or employee + domestic partner) and \$1000 for families (employee + spouse and/or children). The incentive payments are taxable income and are included on the W-2.

2. WHAT IS THE DIFFERENCE BETWEEN THE BUY-OUT WAIVER PROGRAM AND WAIVING BENEFITS?

The **Buy-out Waiver program** is an incentive program that is extended to employees, covered under non-City health plans, who are willing to waive their City health benefits in return for a semi-annual payment. Essentially, the City is “buying out” their unneeded City benefits. **Waiving** benefits, on the other hand, is only applicable to employees who are covered under another City health benefits plans (for example, covered by a spouse’s City plan). The City will not “buy out” their DOE benefits since they are still subsidizing the other City benefits. In addition, the employee who is covered under the non-DOE City plan must WAIVE their DOE benefits, since they cannot be covered by two City plans at the same time.

For example:

- A full-time teacher is covered under their spouse’s health benefits. The spouse works for a private software company that is not affiliated with the City. This DOE employee IS eligible for the Buy-out Waiver.
- A full-time teacher is covered under their spouse’s health benefits. The spouse works for NYPD. This DOE employee is NOT eligible for the Buy-out Waiver. The DOE employee must WAIVE their benefits.

3. WHO IS ELIGIBLE FOR THE BUY-OUT WAIVER PROGRAM?

Employees must be eligible to receive City health benefits AND meet one of the following conditions to enroll in the Buy-out Waiver program:

- Covered under their spouse's or domestic partner's non-City group health insurance
- Covered through other non-City employment (including state agencies, the MTA, federal agencies, and private industry).
- Covered under Medicare Part A and Part B



4. WHO IS NOT ELIGIBLE FOR THE BUY-OUT WAIVER PROGRAM?

The following employees are NOT eligible for the Buy-out Waiver program:

- Employees who are not entitled to City health benefits (for example, substitute teachers)
- Any employee whose spouse or domestic partner is covering them under a City health plan. These employees must WAIVE their DOE benefits.
- Any employee who is covered under another City health plan (for example, if they have dual employment with two City agencies). These employees must WAIVE one of their City benefits plans.
- DOE employees serving in 1199 SEIU titles
- DOE employees currently eligible for Medicaid
- DOE retirees

5. WHEN CAN EMPLOYEES ENROLL IN THE BUY-OUT WAIVER PROGRAM?

Employees may only enroll in the program at specified times and under specific conditions.

- Within 31 days of becoming eligible for health benefits coverage as a DOE employee (e.g. new hires)
- During the Buy-out Waiver program open enrollment/transfer period. **The 2009 transfer period is September 22 – November 14, 2008.**
- Within 31 days of a qualifying event

IMPORTANT: The transfer period for the Buy-out Waiver program is different from the transfer period for regular health benefits election changes. **Always make sure that forms for the Buy-out Waiver program are submitted during the correct transfer period.**



6. WHAT IS A QUALIFYING EVENT?

An employee may enroll in the health benefits Buy-out Waiver program at the time of one of the following qualifying events:

- A change in family status due to death, birth, adoption, marriage, registered domestic partnership, divorce, annulment, or legal separation between participant and spouse/domestic partner
- A dependent child has reached the maximum age for coverage under the employee's health plan
- A court order requiring a recently divorced participant to provide health insurance coverage for eligible dependent children
- Termination of the participant's employment for any reason, including retirement, or a change in the participant's employment status that results in a health insurance coverage change
- A change in a spouse's or domestic partner's employment status or a significant change in a spouse's or domestic partner's health coverage that is outside the spouse's or domestic partner's control (e.g., benefit reduction)
- The taking of, or returning from, an approved unpaid leave of absence by the participant or the participant's spouse or domestic partner (the 1054 form is required for this event)
- A change in employment status from part-time to full-time, or vice versa, by the participant or participant's spouse or domestic partner

7. WHAT FORMS ARE NEEDED TO ENROLL IN THE BUY-OUT WAIVER PROGRAM?

- Health Benefits Application form (ERB)
- MSC Buy-out Waiver Program enrollment form for the **CORRECT** plan year

IMPORTANT: OLR publishes a new version of the MSC Buy-out Waiver Program enrollment form for every plan year. The correct version should always be used, since out-of-date forms will NOT be processed. Updated forms for the new plan year are usually published in August or September (for example, the Plan Year 2009 form was published in September of 2008).

- Proof of non-City health insurance (e.g. a legible photocopy of a spouse's insurance card)
- Any supporting documentation that is required to prove a qualifying event (such as birth certificate, marriage certificate, domestic partner registration, etc.). In the case of marriage or domestic partner registration, the employee must ensure that their spouse or domestic partner's name, Social Security number, and date of marriage/registration are included with the supporting documentation.



8. WHERE CAN EMPLOYEES DOWNLOAD FORMS FOR THE BUY-OUT WAIVER PROGRAM?

The Health Benefits Application (ERB) and MSC Health Benefits Buy-out Waiver Enrollment forms can be downloaded from the OLR website or the DOE website.

IMPORTANT: Administrative (H/ZBank) employees may be mailed a customized Health Benefits Enrollment form instead of the ERB at the time of hire. However, they must still obtain the MSC form online.

To access forms from the OLR website:

1. Go to nyc.gov/olr.
2. From the navigation pane on the left side of the screen, click Forms and Downloads.
3. On the Forms and Downloads page, scroll down to the City Health Benefits heading.
4. Click on the "Health Benefits Application with Instruction Sheet" link to download the ERB.
5. When finished saving the ERB document, click Back to return to the Forms and Downloads page.
6. On the Forms and Downloads page, scroll down to the Flexible Spending Accounts Program heading.
7. Click on the "Plan Year xxxx MSC Health Benefits Buy-Out Waiver Enrollment/Change Form" link to download the Buy-out Waiver form.

To access forms from the DOE website:

1. Go to schools.nyc.gov/dhrforms.
2. Scroll down to the Health and Welfare Benefits heading.
3. Click on the ERB Health Benefits Application link to download the ERB form.
4. When finished saving the ERB document, click Back to return to the DHR Forms page.
5. Click on the Medical Spending Conversion Form – Plan Year xxxx link to download the Buy-out Waiver form.

9. WHICH PLAN YEAR BUY-OUT WAIVER ENROLLMENT FORM SHOULD BE USED?

Since a new Buy-out Waiver enrollment form is published in August or September of every year, it's very important to make sure the employee completes the correct plan year form. Forms for the wrong plan year will not be processed.

- **NEW** employees who are onboarding in late August or early September should use the enrollment form for the **CURRENT** plan year. For example, if a new teacher is onboarded on August 30, 2008, they should use the Plan Year 2008 form. They will receive a prorated payment in one of their **December 2008** paychecks.
- **EXISTING** employees who are enrolling during the transfer period after the new plan year form is released should use the enrollment form for the **NEXT** plan year. For example, if an existing teacher enrolls during the transfer period in September-November 2008, they should use the Plan Year 2009 form. They will receive a prorated payment in one of their **June 2009** paychecks.



10. WHEN CAN EMPLOYEES WITHDRAW FROM THE BUY-OUT WAIVER PROGRAM?

Employees can withdraw from the Buy-out Waiver program:

- During the designated open enrollment/transfer period. The 2009 transfer period is September 22 – November 14, 2008.
- As the result of a qualifying event. Any withdrawals due to a qualifying event must include the completed ERB form, Buy-out Waiver form, and the appropriate supporting documentation (such as marriage certificate, birth certificate, or letter from a college/university). Withdrawals **MUST** be submitted within 31 days of the qualifying event.

IMPORTANT: If the employee is withdrawing from the program due to loss of non-City coverage, they **MUST** provide a legible photocopy of the coverage termination letter (“term letter”) from their non-City benefits provider.

11. HOW DO EMPLOYEES COMPLETE THE FORMS IN THE BUY-OUT WAIVER PACKAGE?

IMPORTANT: It is critical that all the correct forms are completed as described below, and submitted with all required supporting documentation. Incomplete, illegible, or out-of-date forms and packages will not be processed.

To complete the ERB form:

1. Employee must check the Buy-Out Waiver Program (Employees Only) option in Section A.
2. Employee must complete Section D.
3. Employee must complete Section E (if applicable).
4. Employee must complete Section F (if applicable).
5. Employee must sign and date Section I **ONLY**. **DO NOT** sign Section H.
6. Payroll secretary/HR representative at the employee’s work location must complete and sign/date Section J.

To complete the MSC Health Benefits Buy-out Waiver Program enrollment form:

1. Employee must check one of the two enrollment options in the “Enrollment” section.
2. Employee must complete Section I.
3. Employee must complete Section IIA (for a new enrollment) or Section IIB (for a withdrawal from the program). **IMPORTANT:** If completing Section IIA, the employee **MUST** include the non-City employer’s work location **AND** plan name.
4. Employee must complete Section III **ONLY** if they are a new hire or if they are enrolling/withdrawing from the program due to a qualifying event.
5. Employee must sign and date Section IV.
6. **DO NOT** complete Section V. The HR Connect benefits representative will complete and sign this section at the time of processing.



12. WHEN DOES A 1054 NEED TO BE SUBMITTED?

Note: Only HR Representatives and payroll secretaries/timekeepers should complete 1054 forms; the employee does not have to fill this out.

A 1054 form must be completed and submitted in the event of a leave, title change, location change, resignation, retirement, or other separation from service. This is critical in the case of all employee benefits, but is also important for participants in the Buy-out Waiver program because it ensures that the appropriate incentives are paid out to the employee. Since payments also have tax implications, it is especially important to submit the 1054 if the employee has separated from service, because the incentive payment will count as taxable income on their W-2, even if the employee never received the payment because their checks were not distributed.

13. WHERE DO EMPLOYEES SUBMIT THE BUY-OUT WAIVER ENROLLMENT PACKAGE?

ALL Buy-out Waiver enrollment packages, including the completed ERB, MSC Buy-out Waiver enrollment form, and supporting documentation, must be submitted to HR Connect's Health Benefits Administration in order to be processed. **Enrollment packages should NOT be submitted to OLR at 40 Rector Street; submitting buy-out waiver forms directly to OLR will result in a delay in processing.**

Forms should be submitted via mail to HR Connect's Health Benefits Administration. Please **DO NOT** fax Buy-out Waiver forms to HR Connect Benefits Administration.

HR Connect Health Benefits Administration
65 Court St., Room 101
Brooklyn, NY 11201

14. WHO SHOULD EMPLOYEES CONTACT WITH QUESTIONS ABOUT THE BUY-OUT WAIVER PROGRAM?

Employees should contact HR Connect with questions about enrolling in the Buy-out Waiver program. HR Connect is available Monday through Friday from 9am to 5pm at 718-935-4000.

IMPORTANT: Please **DO NOT** contact OLR directly with inquiries about the Buy-out Waiver program.

15. WHEN WILL EMPLOYEES RECEIVE THEIR BUY-OUT WAIVER PAYMENT?

The incentive payment is distributed in two equal, semiannual payments, as part of one of the June paychecks and one of the December paychecks. **Employees will NOT receive a separate check for the payment.** The incentive payment will be included in their regular paycheck with a notation indicating the amount of the incentive.

IMPORTANT: A prorated payment is given if an employee enrolls in the Buy-out Waiver program less than six months prior to a scheduled incentive payment.