ATTACHMENT A

Pre-Tax Contribution Program (PTCP) Fact Sheet
For Active NYS Employees Enrolled in NYSHIP
(Please post this information prominently)

Under the Pre-Tax Contribution Program (PTCP), you may have your share of your health insurance premium deducted from your gross wages before taxes are withheld. This program may lower your taxes.

Who Is Eligible

If you are an active State employee who receives a regular payroll check and has health insurance premiums withheld from your paycheck, you are eligible to participate in the PTCP. You will not be eligible to participate in PTCP if you pay for your health insurance directly instead of by payroll deduction (for example, if you are on Leave Without Pay (LWOP)).

Tax Savings

Contributions to your health insurance premium on a before tax basis (contributions are made before taxes are withheld) effectively reduce your income by the amount of your contribution. Therefore, you pay taxes based upon a lower salary. These salary-based taxes include Federal income tax, Social Security tax, and most State and local income tax. (If you live in New Jersey or in Erie, Philadelphia or Pittsburgh, Pennsylvania, you are not allowed to reduce your State or local taxable income by the amount of your health plan contribution. If you live in these areas, only your Federal income tax and Social Security tax will be affected.) The amount you save in taxes will depend on the amount of your income, your premium and the number of withholding allowances that you claim on your taxes. Contact your tax professional for advice on how participation in PTCP will affect you.

Automatic Deductions and Opt-Out Period

If you are eligible for PTCP, you will be enrolled automatically in the Program unless you file a PS-404 Form with your agency Health Benefits Administrator (HBA) indicating that you elect after-tax deductions and decline to participate in the PTCP. New employees who want to opt out must do so at the time they enroll for health insurance coverage. Once enrolled in NYSHIP, if you want to opt out, you must do so by the designated Pre-Tax Selection Period deadline. For example, to opt out of PTCP for the 2014 Plan Year, you must complete the PS-404 and return it to your HBA, no later than November 30, 2013.

Changes Permitted for PTCP Enrollees Outside the November Election Period

Under the Internal Revenue Service (IRS) regulations, if you participate in PTCP, you may change your health insurance deduction only when one of the following PTCP qualifying events occurs and is reported to your agency HBA within 30 days from the date of event:
- Change in your marital status
- Change in your number of dependents
- Change in employment status of employee, spouse or dependent that affects eligibility
- Dependent satisfies or ceases to satisfy eligibility requirements
- Change in place of residence or worksite of the employee, spouse or dependent
- Change in coverage under other employer’s plan
- COBRA events
- Judgment, decree or order
- Change in Medicare or Medicaid eligibility
- Leaves of absences
- HIPAA special enrollment rights

Changes in coverage due to the above status changes must be consistent with the change in your family or employment. If you make a change in coverage not related to a qualifying event, your PTCP insurance deduction will not change.

**IRS Regulations: Arbitrary Changes Not Permitted During the Year**

IRS regulations require an employer to take a fixed pre-tax contribution toward an employee’s coverage throughout the PTCP year unless a qualifying event occurs. Changes that do not stem from a qualifying event are defined by the IRS as arbitrary health insurance coverage changes. These arbitrary changes in health insurance coverage cannot change the amount of your pre-tax health insurance deduction.