

SEPTEMBER 2025

PLANNING FOR OPTION TRANSFER FOR 2026

For employees of the State of New York,
their enrolled dependents, COBRA enrollees
with their NYSHIP benefits and Young Adult
Option enrollees

- ▶ Option Transfer
- ▶ Opt-out Program
- ▶ Pre-Tax Contribution Program
- ▶ Productivity Enhancement Program



Department of Civil Service
New York State Health Insurance Program



2026 Option Transfer Period

This fall, you will have the opportunity to consider for the 2026 plan year:

- Changing your New York State Health Insurance Program (NYSHIP) option during the **Option Transfer Period**
- Changing your **Pre-Tax Contribution Program (PTCP)** election
- Participating in the **Productivity Enhancement Program (PEP)**, if eligible

Please read through the descriptions of each of these options/programs carefully and, if you have additional questions, consult your *General Information Book* or contact your Health Benefits Administrator (HBA).

Reminders

- The PTCP Election Period and the Option Transfer Period run concurrently. Dates will be announced once rates have been approved.
- It is not necessary to reenroll in the Opt-out Program each year. No action is required for current Opt-out enrollees who are still eligible and wish to remain in the Program during the upcoming plan year.

Option Changes Permitted

During the Option Transfer Period, you may change your NYSHIP option for the next plan year to one of the following:

- The Empire Plan
- A NYSHIP Health Maintenance Organization (HMO)*
- The Opt-out Program**

NO ACTION IS REQUIRED IF YOU WISH TO KEEP YOUR CURRENT OPTION AND STILL QUALIFY FOR IT.

* To be eligible to enroll in an HMO or to continue your enrollment in an HMO, you must live or work in that HMO's NYSHIP service area.

** The Opt-out Program is available to eligible employees who have other employer-sponsored group health insurance. See page 5 for more information about this program.

Other Changes Permitted During The Option Transfer Period

During the Option Transfer Period, the following changes are permitted:

- Change from Family to Individual coverage (regardless of whether a qualifying event has affected your dependents' eligibility)
- Change from Individual to Family coverage (late enrollment provisions will apply)
- Voluntarily cancel your coverage (regardless of whether a qualifying event has affected your eligibility)
- Enroll in NYSHIP coverage (late enrollment provisions will apply)

Health Insurance Choices for 2026, your guide to NYSHIP options, will be published later this fall. If you are thinking about changing your option or newly enrolling in NYSHIP, ask your HBA for a copy or view it on the NYSHIP website at www.cs.ny.gov/employee-benefits.

Once 2026 rates have been approved, information about the premium for each option will be sent to both your agency and your address on record. Rates will also be posted on the NYSHIP website. You will have 30 days from the date your agency receives the rates to change your option.

NYSHIP does not offer an open enrollment period. If you and/or your dependents are eligible for NYSHIP coverage but are not enrolled, see your *General Information Book* for information regarding enrollment and situations in which a late enrollment waiting period applies.



Important Program Dates

Flex Spending Account (FSA) Open Enrollment Period | November 1 – December 8, 2025

The 2026 plan year for the FSA program will begin on **January 1, 2026**. This benefit allows you to set aside pre-tax dollars to pay for dependent care, health care or adoption-related costs. Funds placed into a Health Care Spending Account (HCSA) may be used to cover a wide range of eligible expenses, including copayments, prescription medications and many over-the-counter products. Visit oer.ny.gov/FSA to enroll online or call 800-358-7202 to enroll by phone.

Ask your HBA if you are eligible for this benefit or visit the FSA website for full details on eligibility and program rules. If you are currently enrolled in the FSA program, you must reenroll to continue your participation in 2026.

Productivity Enhancement Program (PEP) Enrollment Period | November 1 – December 8, 2025

This program allows you to exchange previously accrued leave in return for a credit to be applied toward your NYSHIP premium. Review the charts on pages 10–11 and consult your HBA to find out if you are eligible to enroll in PEP.

Pre-Tax Contribution Program (PTCP) Election Period | Same as 2026 Option Transfer Period*

This program allows you to have your share of your health insurance premium deducted from your paycheck before taxes are withheld.

The PTCP Election Period is your only opportunity during the plan year to change your PTCP status.

Option Transfer Information Availability*

The Option Transfer Period is the time of year when you are able to change your NYSHIP option for the next plan year. To assist you with this decision, the following information will be available:

- *Health Insurance Choices for 2026* for active employees will be published in **October**. Ask your HBA for a copy or view it on the NYSHIP website.
- The *Option Transfer Guide* on the NYSHIP website provides quick access to tools and additional resources to assist you in your research.
- *NYSHIP Rates & Deadlines* will be posted online and mailed to enrollee homes once rates have been approved.
- The new health insurance plan benefit year will begin on **January 1, 2026**.

Young Adult Option Enrollment

The Young Adult Option open enrollment period will be announced once rates are available and will run concurrently with the Option Transfer Period. During this time, eligible adult children of NYSHIP enrollees can enroll or change plans. Visit www.cs.ny.gov/yao for more information.

* More detailed information about Option Transfer Period dates and deadlines will be provided once rates are available.

Opt-Out Program

NYSHIP's Opt-out Program allows eligible employees* who have other employer-sponsored group health insurance to opt out of their NYSHIP coverage in exchange for an annual incentive payment: \$1,000 for opting out of Individual coverage or \$3,000 for opting out of Family coverage. Considered taxable income, the incentive payment is prorated and credited through your biweekly paycheck throughout the year (payable only when you are eligible for NYSHIP coverage at the employee share of the premium). Lump-sum payments are not available.

Eligibility Requirements

To participate in the Opt-out Program, you must be a member of a group eligible for the Opt-out Program* and have been enrolled in NYSHIP by April 1, 2025 (or on your first date of NYSHIP eligibility if that date is later than April 1) and remained continuously enrolled while eligible for the employee share of the premium through the end of 2025.

You must also prove that you have other employer-sponsored group health coverage. **Your other coverage cannot be NYSHIP coverage that is the result of your or your spouse's, domestic partner's or parent's employment relationship with New York State or the result of your own employment with a NYSHIP Participating Agency (PA) or Participating Employer (PE).** However, if you are covered as a dependent on another NYSHIP policy through a PA or PE, you are eligible to receive the Individual incentive payment but not the Family incentive payment.

Once you enroll in the Opt-out Program, you will not be eligible for the incentive payment during any period that your status changes and, as a result, you do not meet the requirements for the State contribution to the cost of your NYSHIP coverage (see page 7 for more information). If you are receiving the incentive for opting out of Family coverage and your last dependent loses NYSHIP eligibility during the year, you will only be eligible for the Individual incentive payment (\$1,000) for the remainder of the tax year.

Electing to Opt Out

If you are currently enrolled in NYSHIP coverage and wish to participate in the Opt-out Program, complete the *NYSHIP Opt-out Program Attestation Form* (PS-409) and the *NYSHIP Health Insurance Transaction Form* (PS-404) and submit both to your HBA before the end of the Option Transfer Period (both forms are available on the NYSHIP website).

Your NYSHIP coverage will terminate at the end of the current plan year, and incentive payments will begin with the first payroll period of the new plan year.

If your other employer-sponsored coverage begins on January 1, 2026 and your first NYSHIP pay period for the new plan year begins before January 1, 2026, please notify your HBA so NYSHIP can extend benefits through December 31, 2025 to prevent a lapse in coverage.

If you are a newly benefits-eligible employee who has other employer-sponsored group health insurance* and you wish to participate in the Opt-out Program, you must make your election prior to the end of your NYSHIP new hire waiting period. Complete the *NYSHIP Health Insurance Transaction Form* (PS-404) and the *NYSHIP Opt-out Program Attestation Form* (PS-409), and submit both to your HBA.

No action is required for current Opt-out enrollees who are still eligible and wish to remain in the Program during the 2026 plan year.

Reenrollment in a NYSHIP Health Plan

Once you elect to participate in the Opt-out Program, you may not reenroll in a NYSHIP health plan until the next Option Transfer Period unless you experience a qualifying event as defined by Internal Revenue Service (IRS) rules, such as a change in family status (e.g., marriage, divorce or birth of a dependent) or loss of your other employer-sponsored health insurance (see page 9 for a complete list). It is your responsibility to contact your HBA within 30 days of the qualifying event, and any incentive payments received after the date of the qualifying event will be recovered. If you fail to submit your request within the 30-day window, you will be subject to NYSHIP's late enrollment waiting period (five biweekly pay periods) and will not be eligible for NYSHIP coverage during the waiting period. For additional information, consult your *General Information Book*.

* Employees who are represented by UUP are not eligible to participate in the Opt-out Program.



Opt-Out Program Questions & Answers

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?

No. The Opt-out Program incentive payment applies to health coverage only. If you enroll in the Program, your eligibility for dental and vision coverage will not be affected.

If I opt out and do not 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?

No. You may not terminate your enrollment in the Opt-out Program and reenroll in a NYSHIP health plan during the plan year unless you experience a qualifying event. The qualifying event must satisfy the IRS consistency rule (see list on page 9), and you must submit your request within 30 days of the qualifying event in order to avoid a late enrollment waiting period.

I plan to enroll in other employer-sponsored coverage under my spouse. How do I coordinate the start of my new coverage and enrollment in the Opt-out Program?

Provided that your other employer-sponsored coverage is in place and you maintain your enrollment in NYSHIP from April 1 through the end of the plan year, you may enroll in the Opt-out Program during the upcoming NYSHIP Option Transfer Period. **You are responsible for making sure that your other coverage is in effect at the time that you opt out of NYSHIP.**

Will participating in the Opt-out Program affect my eligibility for NYSHIP coverage in retirement?

No. Participation in the Opt-out Program at the time you retire satisfies the requirement of enrollment in NYSHIP health insurance for retirement purposes. Upon retirement, you are no longer eligible to participate in the Opt-out Program.

I am currently enrolled in the Opt-out Program and am receiving Individual incentive payments. I recently acquired an eligible dependent. What do I need to do in order to begin receiving the Family incentive payment?

Once you are enrolled in Individual Opt-out, you cannot change to Family Opt-out during the plan year, even if you acquire a dependent. In order to qualify for Family incentive payments during the 2026 plan year, you must have been enrolled in NYSHIP Family coverage (The Empire Plan or HMO) from April 1, 2025* through the end of the 2025 plan year.

I had Individual NYSHIP coverage and changed to Family coverage during the plan year. Can I now enroll in the Opt-out Program and receive the \$3,000 Family incentive payment?

Employees enrolled in either The Empire Plan or a NYSHIP HMO who changed from Individual coverage to Family coverage during the plan year within 30 days of a qualifying event are eligible to enroll in Family Opt-out during the next Annual Option Transfer Period. However, if your Family coverage became effective after April 1, 2025 and your dependent experienced a late enrollment waiting period, you will not be eligible for the higher incentive payment.

What happens to my Opt-out Program incentive payments while I am on a leave of absence?

If you are on a leave of absence and you remain eligible for health insurance coverage with an employer contribution (i.e., workers' compensation, family medical leave, short-term disability through the Income Protection Plan or disciplinary suspension leave) during that time, you will also remain eligible for the Opt-out Program and the incentive payments. However, your incentive payments will accumulate until you return to the payroll. You will not receive those payments while you are on leave.

If you are on a leave of absence during which you are not eligible for coverage with an employer contribution (for example, when you must pay the entire cost of the premium), you will not be eligible for the incentive payments.

* Or, if you changed from Individual coverage to Family coverage during the plan year within 30 days of a qualifying event, from the date that the change became effective.





Pre-Tax Contribution Program

The Pre-Tax Contribution Program (PTCP) is a voluntary program that employees may participate in when they are first eligible for health insurance benefits. Employees may also elect to participate or decline participation in PTCP each year during the PTCP Election Period, which runs concurrently with the annual Option Transfer Period.

If You Choose To Participate In PTCP

Under PTCP, your share of the health insurance premium is deducted from your wages before taxes are withheld, which may lower your tax liability.

In exchange, you agree to maintain the same pre-tax health insurance deduction for the entire plan year, unless you experience a qualifying event that would allow you to make a change or cancel your coverage and provide timely notification (within 30 days) of the event.

If You Decline Participation In PTCP

If you decline participation in PTCP, your share of the health insurance premium will be deducted from your wages after taxes are withheld. Employees who do not participate in PTCP may have greater flexibility to make changes to their NYSHIP coverage during the year, as long as those changes are consistent with NYSHIP rules.

Checking Your PTCP Status

Your paycheck shows whether or not you are enrolled in PTCP.

- If you are enrolled in PTCP, your paycheck stub shows “Regular Before-Tax Health” in the Before-Tax Deductions section. Your health insurance premium is deducted from your wages before taxes are withheld.
- If you are not enrolled in PTCP, or part of your deduction is being taken after tax (e.g., for a non-federally qualifying dependent), your paycheck stub shows “Regular After-Tax Health” in the After-Tax Deductions section. Your health insurance premium is deducted from your wages after taxes are withheld.

NO ACTION IS REQUIRED TO KEEP YOUR CURRENT PTCP STATUS.

Changing Your PTCP Status

If you want to change your PTCP election for 2026, complete a *NYSHIP Health Insurance Transaction Form (PS-404)* and submit it to your HBA before the PTCP Election Period deadline.

Requests made during the PTCP Election Period become effective at the beginning of the 2026 plan year. **Per IRS rules, this election period is your only opportunity to change your PTCP status for 2026; arbitrary, mid-year status changes are not allowed.**

If you experience a PTCP qualifying event that allows you to change your health option or coverage type (Family or Individual) or to cancel your coverage, your pre-tax payroll deduction will be adjusted accordingly. PTCP qualifying events* include:

- Change in marital status
- Change in number of dependents
- Change in your (or your dependent's) employment status that affects eligibility for health benefits
- Change in your dependent's status that affects eligibility for health benefits
- Change in your (or your dependent's) place of residence or worksite that affects eligibility for health benefits
- Significant change in health benefits and/or premium under NYSHIP
- Significant change in health benefits and/or premium under your (or your dependent's) other employer's plan
- COBRA events
- Judgment, decree or order to provide health benefits to eligible dependents
- Medicare or Medicaid eligibility
- Leaves of absence
- HIPAA special enrollment rights

Any request to change your NYSHIP coverage during the tax year must be consistent with a PTCP qualifying event and submitted within 30 days of the event (or within the waiting period, if newly eligible); delays may be costly.

For more information about the PTCP, refer to your *General Information Book*.

* These qualifying events satisfy the IRS consistency rule for the purposes of terminating Opt-out Program enrollment mid-plan year in order to reenroll in a NYSHIP health plan.





Productivity Enhancement Program

Under the Productivity Enhancement Program (PEP), eligible full- and part-time employees of the State of New York who are **Management/Confidential; represented by C-82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF or UUP; Legislature and UCS** may exchange previously accrued annual and/or personal leave for a credit to be applied toward the employee share of their NYSHIP premium. If you are eligible for and elect this program, the credit will be included in your biweekly paychecks and divided evenly during the plan year.

To elect PEP for 2026, you must apply between **November 1 – December 8, 2025**. Ask your HBA for an application.

If you are currently enrolled in PEP and remain eligible to participate, you must reenroll to continue your benefits in 2026. The amount of annual and/or personal leave that eligible full-time employees can forfeit at the time of enrollment and the corresponding NYSHIP premium credits for 2026 are shown in the tables below and on page 11. Eligible part-time employees may participate on a prorated basis.

Contact your HBA if you have any questions or to confirm your eligibility for this benefit.

Calculate Your PEP Credit

Full-time employees in positions at or equated to Salary Grade 17 and below:

Employee Group	Forfeited Days	Annual NYSHIP Credit
C-82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF Non-Teachers and Management/Confidential;* Legislature	4	\$800
	8	\$1,600
PEF Institution Teachers ¹	1	\$200
	2	\$400
	3	\$600
	4	\$800
	5	\$1,000
	6	\$1,200
	7	\$1,400
	8	\$1,600

**Full-time employees in positions at or equated to Salary Grade 18–24
(through Grade 23 for Management/Confidential; Legislature):**

Employee Group	Forfeited Days	Annual NYSHIP Credit
C-82, CSEA, DC-37, NYSCOPBA, PBANYS, PEF Non-Teachers and Management/Confidential;* Legislature	2.5	\$750
	5	\$1,500
PEF Institution Teachers ¹	1	\$300
	2	\$600
	3	\$900
	4	\$1,200
	5	\$1,500

Unified Court System (UCS) full-time employees:²

Employee Group	Forfeited Days	Annual NYSHIP Credit
UCS employees in positions at or below Judicial Grade 16	4	\$800
	8	\$1,600
UCS employees at and including Judicial Grades 17 through 23	2	\$800
	4	\$1,600

United University Professions (UUP) full-time employees:³

Employee Group	Forfeited Days	Annual NYSHIP Credit
Employees earning at or below \$80,658 annually	4	\$800
	8	\$1,600
Employees earning above \$80,658 and below \$115,202 annually	2.5	\$750
	5	\$1,500

* SUNY Management/Confidential employees, see your HBA for additional information.

¹ PEF-represented teachers may only forfeit floating days, compensatory days and/or personal leave for their PEP credit.

² UCS employees, see your HBA for additional information.

³ UUP employees may only forfeit annual leave for their PEP credit.

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NYSHIP
New York State
Health Insurance Program

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

Planning for Option Transfer – September 2025

**Please do not send mail or
correspondence to the return
address above. See the front
cover for address information.**

It is the policy of the New York State Department of Civil Service to provide reasonable accommodation to ensure effective communication of information in benefits publications to individuals with disabilities. These publications are also available on the NYSHIP website at www.cs.ny.gov/employee-benefits. Visit the NYSHIP website for timely information that meets universal accessibility standards adopted by New York State for NYS agency websites. If you need an auxiliary aid or service to make benefits information available to you, please contact your Health Benefits Administrator. COBRA enrollees: Contact the Employee Benefits Division at 518-457-5754 or 1-800-833-4344 (U.S., Canada, Puerto Rico, Virgin Islands).

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Planning for OT 2026/September 2025  NY1543



NYSHIP Young Adult Option

This option allows unmarried, young adult children (up to age 30) of NYSHIP enrollees to purchase their own NYSHIP coverage. Young adults pay 100 percent (full share) of Individual coverage for the NYSHIP option selected. During the Option Transfer Period, eligible adult children of NYSHIP enrollees can enroll in the Young Adult Option for the coming plan year, and current Young Adult Option enrollees are permitted to change plans. For more information on the Young Adult Option, visit www.cs.ny.gov/yao and choose your group.