



New York State Correctional Officers & Police Benevolent Association, Inc.

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MEMORANDUM

To: NYSCOPBA Membership

From: Donn Rowe
President

Date: August 3, 2010

RE: Medicare Part B

As many of you know, the Legislature and Governor amended the Civil Service Law provisions regarding the State's obligation to pay Medicare Part B premiums. This amendment to the Civil Service Law eliminates the State's obligation to pay Medicare Part B premiums and adds that cost to the total cost of providing Empire Plan coverage.

While the State will pay the majority of that additional cost, by continuing to pay its share of members' premiums (90% for individuals and 75% for families), NYSCOPBA members with Empire Plan coverage will see an increase to their share of the premiums as well. While the legislation imposed this change retroactive to April 1, 2010, the increases will be seen for the first time in members' pay checks on October 7, 2010 for institutional lag payroll and September 28, 2010 for administrative lag payroll.

The retroactive effect of this legislation means that nine months of members' share of increases (April 1 through December 31, 2010) will be collected via payroll deduction over the remaining three months of 2010. This means that the increase in members' payroll deduction for the remaining three months of 2010 will be about three times the actual increase in premium.

For members with individual Empire Plan coverage, inclusion of the Medicare Part B premiums will result in an increase in the normal bi-weekly Empire Plan payroll deduction of \$1.47. When this \$1.47 per pay period is added in, retroactively to April 1 and spread over the remaining pay periods for 2010, members will see an increase in their bi-weekly deduction for individual Empire Plan coverage of \$4.41 per pay period from October through the end of the year. Again, \$1.47 of that is the bi-weekly amount and \$2.94 is the retroactive amount.

For members with family Empire Plan coverage, inclusion of the Medicare Part B premiums will result in an increase in the normal bi-weekly Empire Plan payroll deduction of \$3.66. When this \$3.66 per pay period is added in, retroactively to April 1, and spread over the remaining pay periods for 2010, members will see an increase in their bi-weekly deduction for family Empire Plan coverage of \$10.97 per pay period. Again, \$3.66 of that is the bi-weekly amount and \$7.31 is the retroactive amount.

Members with HMO coverage will see either smaller increases in their share of premium, or an actual reduction in their share of the cost. This results from a number of factors, but mostly from the fact that members' share of HMO premiums are based upon the difference between the Empire Plan costs (the limit on the State's contribution toward a member's HMO cost) and the cost of HMO coverage. Accordingly, when the inclusion of Medicare Part B premiums increases the Empire Plan premiums, members enrolled in HMOs have to make up less of a difference between their share of the Empire Plan premium and the HMO premium. As a result, their contribution toward HMO coverage is reduced.

During an August 2nd through August 31, 2010 Option Transfer Period, members can make a change in their plan, but only to a plan that has a reduced member cost as a result of the changes (i.e. a member can only make a change to one of the HMO plans with a reduced member cost).

With the commencement of 2011, the bi-weekly Empire Plan deductions attributable to Medicare Part B should decrease, because the deductions will be spread over the full 12 months (or 26 pay periods). Neither the Empire Plan HMO, nor the Medicare Part B premiums have been determined for 2011. When those numbers become available later in the year, we will provide that information.

In unity,

A handwritten signature in black ink, appearing to be "J. R. Smith" or similar, written in a cursive style.