

MEDICAL SPENDING CONVERSION (MSC) PLAN YEAR 2011

INSTRUCTIONS:

HEALTH BENEFITS BUY-OUT WAIVER PROGRAM - SECTION II:

The Medical Spending Conversion (MSC) Health Benefits Buy-Out Waiver Program allows you to receive an incentive payment for waiving your City health benefits. Refer to the MSC Health Benefits Buy-Out Waiver Program section in the Flexible Spending Accounts Program Brochure for detailed information.

A. Enrolling:

Please Note: The Internal Revenue Service does not permit any retroactive participation from a previous Plan Year.

If you are covered under your spouse's/domestic partner's or parent(s)' non-City group health insurance, or a group health plan available through other employment, you may waive New York City health benefits. Once your enrollment form has been processed and approved, you will receive a confirmation letter from the MSC Administrative Office. Please contact your agency's Human Resources Department/NYCAPS personnel if you do not receive a confirmation letter.

Current employees: You may enroll in the Program during the Open Enrollment Period (September 27 - November 19, 2010) for an effective date of January 1, 2011. You must complete Sections I, II, and IV. Section V is to be completed by your agency's Human Resources Department/NYCAPS personnel.

Newly eligible employees: You may enroll in the Program within thirty (30) days after becoming eligible for City health benefits. You must complete Sections I, II, III, and IV. Section V is to be completed by your agency's Human Resources Department/NYCAPS personnel.

During mid-year: If you incur a Qualifying Event, you must notify the MSC Program Administrative Office within thirty (30) days after the Qualifying Event in order to participate. You must complete Sections I, II, III, and IV and attach legal/supporting documentation. Section V is to be completed by your agency's Human Resources Department/NYCAPS personnel.

Any MSC Form received in June will be effective July 1st of that Plan Year. Any MSC Form received in December will be effective January 1st of the following Plan Year.

By signing the MSC Health Benefits Buy-Out Waiver Program Enrollment/Change Form, you elect to receive \$1,000 (family coverage waived), \$500 (individual coverage waived), or \$500 (domestic partner coverage waived) annually in lieu of New York City health benefits. You will receive \$500 for family coverage, \$250 for individual coverage, or \$250 for domestic partner coverage at the end of every six-month calendar period. **(This amount will be pro-rated for any period less than six months by the number of days you are in the Health Benefits Buy-Out Waiver Program.)**

An employee participating in the City's Deferred Compensation Plan (DCP) in lieu of FICA and participating in the Health Benefits Buy-Out Waiver Program (taxable income), may need to increase his/her salary deferral percentage to an amount higher than 7.5% of annual salary in order to account for the increase in income due to the "Buy-Out Waiver Incentive Payment." If the 7.5% of total salary income requirement is not met, the participant who is enrolled in the DCP may have to continue to pay FICA taxes until that requirement is met.

Please Note: In domestic partner situations, a participant in the Health Benefits Buy-Out Waiver Program can only receive the individual incentive payment of \$500. However, if there is a family contract between the participant and his/her domestic partner and the domestic partner is, for tax purposes, a legal dependent of the participant, then the participant can receive the family incentive payment of \$1,000.

B. Terminating:

Your waiver will remain in effect during the Plan Year unless a) you experience an approved mid-year Qualifying Event or, b) you reinstate your City health coverage during the Health Benefits Program Fall Transfer Period. During the mid-year, your form must be received by the MSC Administrative Office within thirty (30) days after the Qualifying Event in order for the change to be effective. If you are returning from an approved leave of absence or transferring to a new City agency, you must complete the MSC Health Benefits Buy-Out Waiver Program Enrollment/Change Form and the Health Benefits Application within thirty (30) days after such event to be reinstated, or to receive a pro-rated incentive payment.

If you wish to terminate your participation in the Health Benefits Buy-Out Waiver Program and reinstate your City health benefits coverage, complete Section II, by indicating your requested change. If you are terminating your participation mid-year, you must also check the appropriate box in Section III.

Please Note: If you waive City health coverage, you must have other non-City group health coverage available to you. The Health Benefits Application must accompany this MSC Form so that your agency's benefits/payroll manager is able to verify that you have other coverage. Your agency's Human Resources Department/NYCAPS personnel may request additional documentation.

This form is not valid if you have not completed Sections I, II, III (for mid-year Qualifying Event) and IV.

This form is not valid if Section V has not been completed by your agency's Human Resources Department/NYCAPS personnel.