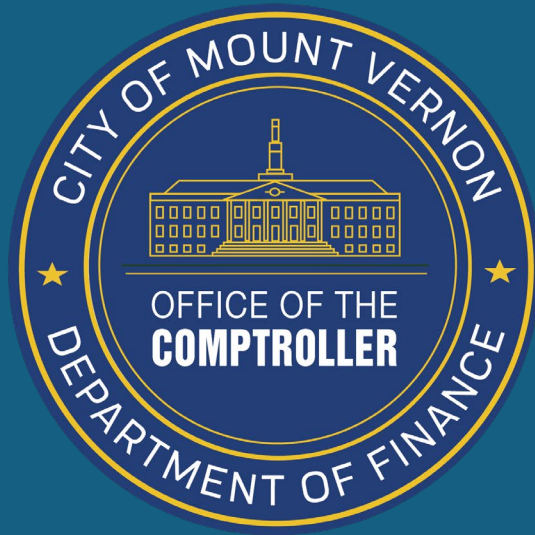


Waiver of Health Insurance Policy



APRIL 16, 2026

WAIVER OF HEALTH INSURANCE POLICY

I. PURPOSE

The purpose of this policy is to establish a voluntary Health Insurance Buy-Out (“Opt-Out”) Program permitting eligible elected officials and employees who are otherwise entitled to enroll in the City’s health insurance coverage through NYSHIP to waive such coverage in exchange for a monetary incentive, in accordance with:

- New York Civil Service Law §167(8)
- NYSHIP rules, regulations, and administrative guidance issued by the New York State Department of Civil Service
- Applicable collective bargaining agreements
- Federal and State tax laws, including the Internal Revenue Code and Affordable Care Act (ACA)

Participation is strictly voluntary, subject to annual approval, and contingent upon continued compliance with all eligibility requirements.

II. SCOPE AND APPLICABILITY

This policy applies only to:

- Elected officials and employees eligible for City-provided health insurance through NYSHIP;
- Employees whose collective bargaining agreements expressly permit participation, where applicable.

Nothing in this policy shall supersede any provision of a collective bargaining agreement.

Where a collective bargaining agreement is silent, implementation shall be subject to compliance with the Taylor Law (Civil Service Law Article 14), including, where required, negotiation or written union acknowledgment.

This policy shall not apply to:

- Retirees;
- Employees not eligible for health insurance coverage;
- Employees enrolled in COBRA continuation coverage;
- Employees whose waiver would result in non-compliance with ACA employer shared responsibility provisions.

III. LEGAL AUTHORITY

This program is authorized pursuant to:

- New York Civil Service Law §167(8), permitting participating employers in NYSHIP to offer a cash incentive in lieu of health insurance coverage;
- NYSHIP rules and guidance governing employer-sponsored opt-out programs;
- Collective bargaining obligations under Civil Service Law Article 14 (Taylor Law);
- Applicable federal requirements, including:
 - Internal Revenue Code (IRC) §125 (where applicable);
 - Affordable Care Act (ACA) employer shared responsibility provisions.

IV. ELIGIBILITY REQUIREMENTS

To participate, an elected official or employee must:

- Be eligible for City health insurance coverage under NYSHIP;
- Be eligible under the applicable collective bargaining agreement, if represented;
- Provide satisfactory proof of enrollment in alternative employer-sponsored group health coverage;
- Certify that the alternative coverage:
 - Is not City-sponsored;
 - Is not solely Medicare (unless supplemented by qualifying group coverage);
 - Constitutes comprehensive major medical coverage meeting minimum essential coverage (MEC) standards under the ACA;
- Submit a completed Waiver Election Form during the designated enrollment period.

The City reserves the right to require additional documentation to verify eligibility and compliance with NYSHIP and ACA requirements.

V. APPLICATION PROCESS

Applications must be submitted to the Employee Benefits Office during the annual NYSHIP Open Enrollment or designated recertification period.

The employee must:

- Complete the Health Insurance Waiver Election Form;
- Provide documentation of alternative coverage (e.g., insurance card, employer certification);
- Certify understanding of the waiver, including forfeiture of City health benefits for the applicable plan year.

Elections shall become effective January 1 of the following plan year, unless otherwise permitted under NYSHIP rules.

Failure to timely submit required documentation shall result in denial of participation.

VI. COVERAGE OPT-OUT INCENTIVE

Approved participants shall receive an annual opt-out incentive of \$3,000, subject to the following conditions:

- The incentive amount shall not exceed applicable NYSHIP limits, including guidance that opt-out payments generally may not exceed 50% of the employer's cost of individual coverage (or other limits as established by the State);
- Payments shall be made in two equal installments:
 - First installment: last payroll in March;
 - Second installment: last payroll in September;
- Payments shall be treated as taxable income and subject to all applicable payroll taxes and withholdings;
- Payments are contingent upon:
 - Continued employment;
 - Continuous maintenance of qualifying alternative coverage;
 - Ongoing compliance with all program requirements.

The City reserves the right to suspend payments if eligibility requirements are no longer met.

VII. REINSTATEMENT OF COVERAGE

An employee who elects to waive coverage may re-enroll:

- During the next NYSHIP Open Enrollment period; or
- Upon involuntary loss of alternative coverage (qualifying life event), consistent with NYSHIP rules and ACA special enrollment provisions.

In the event of mid-year reinstatement:

- The employee shall reimburse the City on a pro rata basis for any unearned portion of the opt-out payment;
- Reinstatement is subject to NYSHIP eligibility and administrative approval.

VIII. TERMINATION OF EMPLOYMENT

If employment ends during the plan year:

- The opt-out incentive shall be prorated based on the period of eligibility;

- Any overpayment may be recovered through payroll deduction, consistent with New York Labor Law §193, or through other lawful means.

IX. ADMINISTRATION

This policy shall be administered by the Employee Benefits Office in consultation with:

- The City Comptroller
- Corporation Counsel
- NYSHIP representatives

The City reserves the right to:

- Deny, revoke, or audit participation for non-compliance;
- Require periodic recertification of eligibility;
- Modify or terminate the program, subject to:
 - NYSHIP requirements;
 - Collective bargaining obligations;
 - Approval by the City Council.

X. LIMITATIONS

- Participation in this program does not create a vested right;
- Participation is annual and must be renewed each year;
- The City may suspend or terminate the program if required by:
 - NYSHIP;
 - Changes in law or regulation;
 - Fiscal necessity, subject to bargaining obligations.