



CITY OF MOUNT VERNON, N.Y.
OFFICE OF THE COMPTROLLER

Darren M. Morton, Ed.D., CPRP, CMFO
Comptroller

City Hall, One Roosevelt Square
Mount Vernon, NY, 10550
(914) 665-2303

April 16, 2026

Honorable Members of the City Council
City Hall – One Roosevelt Square
Mount Vernon, NY 10550

Re: COMP2026-2 – Established of a Policy for Waiver of Health Insurance

Dear Honorable Members:

My office continues to review and analyze the City's health insurance expenditures and to identify responsible, cost-effective strategies to manage these rising costs. As part of this ongoing effort, we have identified a gap in current policy.

At present, the City does not have a formal policy permitting employees who are otherwise eligible for employer-sponsored health insurance to waive coverage in favor of alternative insurance (e.g., through a spouse or family member), with the exception of provisions applicable to members of the Fire Union under their collective bargaining agreement. As a result, some employees maintain dual coverage, which increases overall costs to the City without a corresponding benefit.

Given the significant and growing cost of health insurance, it would be fiscally prudent to establish a formal "opt-out" policy. Such a policy would allow eligible employees who can demonstrate comparable alternative coverage to decline enrollment in the City's health plan in exchange for a modest financial incentive. This approach is widely utilized by municipalities to reduce redundant coverage and generate net savings.

Accordingly, I am proposing the adoption of the attached policy, which provides for an annual opt-out incentive of \$3,000. This amount is consistent with practices in comparable municipalities and is structured to ensure that the City realizes a net savings relative to the cost of providing full health insurance coverage.

This proposal is also consistent with applicable New York State laws and New York State Health Insurance Program (NYSHIP) guidelines. Specifically:

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- Under **New York State Civil Service Law § 167(8)**, participating employers in NYSHIP are authorized to establish health insurance buyout or opt-out programs, subject to local approval and compliance with plan requirements.
- NYSHIP permits such opt-out arrangements provided that the employee demonstrates enrollment in other employer-sponsored group coverage and that the opt-out payment does not exceed 50% of the employer's cost of individual coverage (or applicable limits established by the State).
- Any such policy must be implemented in a manner consistent with applicable collective bargaining agreements pursuant to the **Taylor Law (New York Civil Service Law Article 14)**, where health insurance benefits are a mandatory subject of negotiation.
- Additionally, compliance with federal requirements, including **Internal Revenue Code Section 125 (Cafeteria Plans)** and **Affordable Care Act (ACA)** provisions, must be ensured to avoid adverse tax implications or impacts on affordability determinations.

The proposed policy has been structured with these legal and regulatory considerations in mind and will be implemented in coordination with Labor Relations, Human Resources, and legal counsel, as necessary.

Thank you for your consideration of this referral. Should you have any questions, please contact the Comptroller's Office at (914) 665-2304 or Comptroller@cmvny.com.

Respectfully submitted,



Dr. Darren M. Morton Ed. D., CPRP. CMFO
Comptroller

cc: Mayor
Law Department