PPI BENEFIT SOLUTIONS

NEW YORK: EMPLOYEE BENEFIT CONSIDERATIONS

Employers doing business in New York should be aware of the state's laws regarding continuation of health benefits, disability and paid family leave, and other notable requirements related to employee benefits.

Employers doing business in New York (including those that have one or more employees working in or remotely from New York) should be aware of the state's laws regarding continuation of health benefits, disability and paid family leave, and other notable requirements related to employee benefits.

This publication focuses on the benefits compliance obligations that fall on employers. There are numerous state insurance laws that apply to carriers sponsoring fully insured plans. To the extent a state insurance law does not impose a compliance obligation on an employer (i.e., the law applies solely to the insurer from which an employer purchases a group policy), it may not be covered in this publication. In addition, this publication is limited to employee benefit considerations and does not cover state tax laws, privacy laws, cybersecurity laws, or other employment law topics such as workers' compensation, employment discrimination, payroll practices, wage and hour laws, or short-term leave laws that provide job and/or benefit protections for one month or less.

The publication includes a **New York Paid Family Leave Benefits Chart** (Appendix A) and a **Sample Employee Communication** for advising New York employees of the updated paid family leave premium as of each January 1 (Appendix B).

GROUP HEALTH PLAN REQUIREMENTS

Health Benefit Coverage Mandates (Fully Insured Plans)

New York law requires that group health insurance policies issued in the state comply with certain mandates. This publication covers several of the most important health benefit mandates. If New York licensed the insurer that issued the policy then the policy is likely subject to New York insurance regulations, including state-mandated health benefits. See New York Mandated Health Benefits for a list of the state's mandated benefits. Self-insured plans and policies issued outside of the state but covering New York residents are typically exempt from state mandates.

Insurers are generally aware of state insurance regulations, so employers should consult with their insurer or attorney to determine whether state requirements apply to their plan(s).

Waiver of Group Health Insurance Coverage (Fully Insured Plans)

Fully insured plans situsted in New York cannot allow employees to waive any offer or tier of coverage that is 100% employer-paid (i.e., non-contributory). This prohibition applies to all accident and health policies in the state (including non-medical plans such as STD, LTD, and life insurance). For example, if the employee cost-share for self-only coverage is zero, employees cannot waive coverage from the plan. Similarly, if the employee

cost-share for self-only coverage is zero but the cost-share for family coverage (i.e., all other coverage tiers) is greater than zero, employees cannot waive single coverage but can waive family coverage. Employers with fully insured plans in New York should review their waiver practices to ensure compliance with this state rule. The waiver of coverage restriction does not apply to self-insured plans.

More Information: Employer Sponsored Group Health Insurance, Waiver of Coverage

State Continuation of Health Benefits ("Mini-COBRA" and Coverage to Age 29) (Fully Insured Plans)

New York has two state continuation requirements to consider: New York state continuation (also known as "mini-COBRA") and New York Coverage to Age 29. In states such as New York that have state continuation of benefits laws, employers subject to federal COBRA laws must offer eligible individuals the option to continue coverage under federal COBRA and the applicable state continuation law. State continuation does not apply to self-insured plans or to stand-alone dental, vision, accident, or disease-specific policies.

State Continuation ("Mini-COBRA") (Fully Insured Plans)

The New York mini-COBRA law first applies to employers with fewer than 20 employees (i.e., those not subject to federal COBRA) and to policies issued in New York. In the event of termination of employment, reduction in work hours, or loss of eligibility, the law requires the policy to provide continuation coverage for 36 months.

The New York mini-COBRA law also expands federal COBRA requirements by requiring a group policy, group remittance contract, or group contract to offer participants who exhausted continuation coverage under federal COBRA the opportunity to continue medical coverage for up to 36 months from the date the federal COBRA coverage began. This rule applies only if participants were entitled to less than 36 months of continuation benefits under federal COBRA. The rule does not limit the reason for the qualifying event under federal COBRA.

Under the New York mini-COBRA law, qualifying events include all of the following:

- Employees who lose group coverage due to voluntary or involuntary termination of employment, reduction in hours of employment, or loss of membership in an eligible class.
- Spouses who lose group coverage due to the employee's termination of employment, reduction in hours of employment, death, divorce, legal separation, eligibility for Medicare, or loss of membership in an eligible class.
- Dependent children who lose group coverage due to a loss of dependent child status under the plan or the employee's termination of employment, reduction in hours of employment, death, divorce, legal separation, eligibility for Medicare, or loss of membership in an eligible class.

Qualified individuals may be required to pay up to 102% of the premium cost. The 36-month allowable continuation period will be shortened to the date that any of the following events occur:

- The covered individual does not make timely premium payments.
- The employer ceases to maintain any group health plan (including successor plans of related companies).
- The employee or spouse/dependent becomes covered under any other group health plan that is not maintained by the employer (even if the other coverage is less comprehensive than COBRA or continuation coverage).
- The qualified beneficiary becomes entitled to (enrolled in) Medicare benefits.

It appears that a self-insured plan would not be considered a "replacement policy," which means employers could terminate the state continuation coverage of individuals when the plan's funding type switches from fully insured to self-insured.

Since the New York mini-COBRA law does not apply to self-insured plans or stand-alone dental, vision, or prescription drug plans, continuation under those types of plans follows federal COBRA rules without respect to the lengthier New York mini-COBRA extension. For information about federal COBRA, see the PPI publication **COBRA: A Guide for Employers**.

For more information and FAQs, see State Continuation Coverage Extension to 36 Months.

Coverage to Age 29 (Fully Insured Plans)

The Coverage to Age 29 law gives young adults who age off their parent's plan the opportunity to continue or obtain coverage under the employer's policy through age 29. The law provides two distinct ways in which coverage may be extended: a Young Adult Option and a Make Available Option. Under both options, insurers are responsible for making the coverage available and notifying employees. Under the Make Available Option, employers must opt in to the arrangement by securing a rider to the group health plan.

Under the Coverage to Age 29 options, fully insured medical plans issued in the state must extend coverage through age 29 to young adults whose parent is covered under the group policy as an employee or member of the group or pursuant to a right under federal COBRA or state continuation coverage law. Additionally, the young adult can only qualify for coverage if they live, work, or reside in New York or the health insurance company's service area; are not married; are not covered by or eligible for other employer-sponsored coverage; and are not covered by Medicare (applies to Young Adult Option only). The rule applies to children regardless of their financial dependence. Further, it pertains to all New York employers, regardless of size (i.e., regardless of whether the employer qualifies as an Applicable Large Employer under the ACA). The law does not apply to self-insured plans or to policies issued outside of the state but covering New York residents.

Employees or dependent children are permitted to elect the extended coverage on a self-pay basis within 60 days following the date coverage would otherwise terminate due to age, within 60 days of newly meeting the eligibility requirements, or during the employer's annual open enrollment period.

Under the Young Adult Option, the insurer is required to notify employees of the extension of coverage to age 29. Employees or their eligible dependents may then elect the benefit and pay the premium, which cannot exceed 100% of the single premium rate (over and above what the parent pays for the group coverage). Young adults may also elect this coverage when they newly meet the eligibility criteria, such as if they lose eligibility for group health insurance coverage or when moving back to New York State.

NY FAQs on Young Adult Option: Coverage Expansion Through Age 29 "Young Adult" Option - Frequently Asked Questions

Under the Make Available Option, the insurer must make the Age 29 extension available to employers, and employers then decide whether to offer the option to their employees. Employers that implement the Make Available Option must purchase a rider to extend the age of dependent coverage to age 29. Under this option, the purchased rider applies to all individuals with dependent coverage under the policy (not just newly covered young adults), and the employer must contribute to the cost of dependent coverage for these young adults through age 29 at the same rate or percentage as for all other dependents.

For more information and FAQs on New York's Make Available Option, see Coverage Expansion Through Age 29 "Make Available" Option - Frequently Asked Questions.

Although the insurer is responsible for issuing employee notices, employers should work closely with their insurer to ensure that the Coverage to Age 29 law is implemented and communicated to employees.

Health Care Reform Act Contributions (Fully Insured and Self-Insured Plans)

Under the New York Health Care Reform Act (HCRA), health claim payors are subject to two distinct surcharges: the Graduate Medical Education (GME) surcharge and the Indigent Care Surcharge (ICS). HCRA contribution requirements apply to medical, dental, and vision plans, but only to inpatient and outpatient services provided at hospitals and certain other designated facilities located in New York.

Importantly, the term "payors" includes employers for self-insured (including level-funded) plans and insurers for fully insured plans. These surcharges apply regardless of a patient's residence or where the health insurance contract is issued. The HCRA surcharges therefore apply equally to in-state and out-of-state employers.

With respect to the GME, payors can choose one of two ways to satisfy the surcharge requirement. First, they can elect to pay directly to the Public Goods Pool via a covered lives assessment (CLA), the rate for which varies based on where covered individuals reside. The CLA is assessed on such "electing payors" based on the number of the employer's covered individuals and families living in New York. Second, they can opt to pay the surcharge directly to the provider as a denominated percentage of the billed amount that gets added to the provider's bill. Surcharge payments to providers are typically set at a higher percentage than

payments made directly to the Public Goods Pool. Since electing payors with no covered employees residing in New York would not owe a CLA, out-of-state employers with few or no covered New York residents may benefit from becoming electing payors to avoid the potential assessment of a higher GME surcharge. Payors must make an initial election with the state and then pay the surcharge annually; for further details, see the links at the end of this section.

With respect to the ICS, this surcharge applies to services at certain state healthcare facilities regardless of a patient's residence or where the health insurance contract is issued. The indigent care rate in effect through December 31, 2026, is 9.63% for insurers and self-insured plan payors electing to pay the amount directly to the state Public Goods Pool and an additional 28.27% for non-electing payors that pay the surcharge directly to healthcare providers.

Note that electing entities are required to file New York Public Goods Pool reports electronically with New York State on an annual basis, regardless of whether any payments are due.

Employers with self-insured plans should work with their TPA regarding HCRA elections and processes.

For more information, see:

FAQs on Electronic Elections

HCRA FAQs

Indigent Care and Health Care Initiatives Surcharges by Payor

HCRA Regional Covered Lives Assessment Rates

New York State Health Care Reform Act

State Individual Mandate Reporting Requirements

Largely in response to Congress reducing the federal ACA individual mandate penalty to $0 (effective beginning 2019), several states passed their own individual mandates that include employer reporting requirements. New York does not have a state individual mandate. For information about states with individual mandates and employer reporting requirements, see the PPI publication **State Individual Mandate Reporting Requirements**.

Domestic Partner/Civil Union Health Coverage Laws (Fully Insured and Self-Insured Plans)

New York offers and recognizes domestic partnerships as formal relationships with protections under state law. That said, there is no state (or federal) requirement to offer employer-sponsored health coverage (medical, dental, vision, prescription drugs, etc.) to an employee's domestic partner or the child(ren) of a domestic partner. For purposes of group health insurance eligibility under New York state insurance law, a domestic partnership involves two persons who are financially interdependent (evidenced by common ownership of property, common householding, shared budgeting, length of relationship, etc.). Domestic partners can be of the same or different genders.

Some jurisdictions in New York provide for domestic partner registration based on specific criteria. Given the variety – and in many cases the absence – of domestic partnership definitions at the state or local level, employers generally have discretion to define domestic partners as they choose, provided their definition is not more restrictive than the prevailing definition in a state or municipality where the employer operates. Employers should ensure that their domestic partner certification practices are reasonably consistent with those for other family members (such as spouses and children). For example, employers that do not request relationship documentation (e.g., a marriage certificate) from married employees should not make domestic partner coverage conditional upon submission of evidence of the domestic partnership.

The federal government does not recognize domestic partnerships. Thus, if the domestic partner is not the employee's tax dependent, the cost of coverage is subject to state and federal taxation.

For further information about domestic partner benefits considerations, including best practices for establishing eligibility, certifying domestic partnerships, and calculating and processing domestic partner cost of coverage imputed income, see the PPI publication **Domestic Partner Benefits: A Guide for Employers**.

New York does not offer or allow common-law marriage or civil unions as a form of legal marriage. However, New York does

recognize legal marriages performed in other states (and other states might offer and allow common-law marriages or civil unions as legal marriages).

DISABILITY COVERAGE

All private employers with at least one employee working in New York for at least 30 days in a year must comply with New York's Disability Benefits Law (DBL). New York DBL (NY DBL) requires employers to provide disability benefits coverage to employees for an off-the-job illness or injury, including pregnancy complications and childbirth recovery. Employers can provide coverage through a private plan (fully insured, including through the State Insurance Fund, or self-insured). Most covered employers contract with an insurer to handle NY DBL (and, by extension, NY Paid Family Leave, as described under the Paid Family Leave section below). Employers are allowed, but not required, to process employee contributions for NY DBL calculated at 0.5% of wages, not to exceed $0.60 per week.

Following a seven-day waiting period, NY DBL provides salary replacement benefits at 50% of the employee's weekly wage to a maximum of $170. Benefits are available for up to 26 weeks during a 52-consecutive-week period.

Full-time employees must work four consecutive weeks of covered employment, which does not necessarily need to be with the same employer, to be eligible for NY DBL. Part-time employees become eligible on the 25th day of regular New York employment unless eligibility was previously satisfied.

Employers subject to NY DBL must post a certificate of insurance coverage in the workplace and must provide individual employees with a Statement of Rights form following seven days of absence due to a qualifying disability. NY DBL should run concurrently with federal FMLA whenever available.

For more information on state-mandated disability insurance laws in New York and other states, see the PPI publication **State PFML and Statutory Disability Programs: A Quick Reference Chart**.

NY Web Page on Disability

Disability Benefits Information for Employers

PAID FAMILY LEAVE

New York Paid Family Leave law (NY PFL) is designed to help employees maintain financial stability, health care benefits, and job security while taking time to bond with a new baby or care for a family member. It requires employers that are subject to New York Disability Benefits Law – generally all private employers with one or more employees in New York – to provide paid leave for employees under certain qualifying circumstances. Employee contributions for NY PFL premiums are calculated as a percentage of wages up to an annually adjusted maximum. The NY PFL premium for 2025 is 0.388% of wages to a maximum of $354.53 per year. The NY PFL premium for 2026 is 0.432% of wages to a maximum of $411.91 per year. Employers are not required to contribute toward NY PFL premiums on behalf of employees but are permitted to do so at their sole discretion. NY PFL rates are determined by the state and announced annually by September 1 to take effect the following January 1.

At a high level, full-time employees (those who work 20 or more hours per week) are eligible for NY PFL after 26 consecutive weeks of employment, while part-time employees (those who work fewer than 20 hours per week) are eligible after working for 175 days (which do not have to be consecutive, and there is no hour limit on a "day" worked). NY PFL policies are issued as riders to DBL policies; they are not available on a stand-alone basis. Public employers are generally exempt from NY PFL but can opt in to the benefit.

Eligible employees may take NY PFL to care for a family member with a serious health condition, bond with a new child (by birth, adoption, or fostering) within one year of the birth or placement, to care for a military family member injured during active duty, to provide support for family members when deployed abroad on active military duty, or due to an order of quarantine or isolation for employees or their minor child(ren) related to COVID-19. (Note that NY PFL's COVID-19 quarantine leave legislation expired on July 31, 2025.) Importantly, a covered "family member" includes a spouse, domestic partner, child/stepchild, parent/stepparent, parent-in-law, grandparent, grandchild, biological and adopted sibling, half-sibling, and stepsibling, which is more

inclusive than the federal FMLA definition. FMLA leave should run concurrently with NY PFL whenever available.

NY PFL leave can be taken continuously or intermittently (in full day increments) for up to 12 weeks. The maximum benefit amount is 67% of the employee's average weekly wage (capped at the state average weekly wage and updated annually as of each January 1). The maximum weekly benefit amount for 2025 is $1,177.32; the maximum weekly benefit amount for 2026 is $1,228.53. NY PFL benefits paid to an employee are taxable to the employee, regardless of whether the premium is paid by the employee (as is presumed by NY PFL legislation) or by the employer. NY PFL insurers will not automatically withhold taxes from NY PFL benefit payments, although employees can request voluntary tax withholding when requesting the leave.

Employers may permit employees to use sick or vacation leave (PTO), as applicable, concurrent with NY PFL, but they cannot require employees to do so. NY PFL cannot run concurrently with NY DBL; in cases of maternity and bonding leave, the leaves can run consecutively at the discretion of the employee. The total NY DBL and NY PFL leave duration in any 52-week period may not exceed 26 weeks.

Employers are required to maintain an employee's existing health benefits for the duration of any period of NY PFL, regardless of whether the leave co-qualifies under FMLA. Upon the employee's return from NY PFL, the employer must reinstate the employee to their prior employment position, or a comparable position with comparable pay, benefits, and other privileges of employment.

Waiver of NY PFL Benefits: There is a waiver of benefits available to employees who do not expect to meet the length of service eligibility requirement to take NY PFL. Completion of the waiver is determined by the employee; employers cannot force employees to waive NY PFL benefits and, importantly, cannot unilaterally exclude employees from NY PFL benefits. The NY PFL waiver is automatically revoked within eight weeks of a change in schedule that renders an employee eligible for the leave provisions.

See Appendix A and Appendix B for a **New York Paid Family Leave Benefits Chart** and a **Sample Employee Communication** for advising New York employees of the updated NY PFL premium as of January 1. For more information on state-mandated paid family and medical leave laws in New York and other states, see the PPI publication **State PFML and Statutory Disability Programs: A Quick Reference Chart**.

OTHER LEAVE LAWS

New York does not have any other state or local laws that provide more than one month of paid or unpaid leave entitlement. Note that short-term state and local employment leave laws that provide one month or less of leave are outside the scope of this publication. Short-term employment leave protections that may apply in New York based on employer size include jury duty; military; crime victim; voting; and organ, blood, and bone marrow donor reasons. In addition, New York City and Westchester County have their own paid sick leave laws. Employers should consult with their human resources consultant or employment attorney to ensure their leave, PTO, and other personnel policies satisfy all applicable state and local employment laws.

OFFER OF RETIREMENT PLAN

New York does not have retirement savings program statutes or regulations that apply generally to private employers.

COMMUTER BENEFITS

New York does not require private sector employers to offer commuter benefits to employees. However, employers with 20 or more employees who work in New York City (NYC), which includes The Bronx, Brooklyn, Manhattan, Queens, and Staten Island, must offer commuter benefits to full-time, non-union NYC employees. For this purpose, a full-time employee is any employee who has worked for a single employer an average of 30 or more hours per week in the most recent four weeks as of any date of counting, any portion of which was in NYC.

Under the law, commuter benefits must be offered for all of the following transportation modes, either by paying the expenses or through a voluntary (employee-paid) pre-tax commuter benefits program:

- NYC regional mass transit services, including Metropolitan Transportation Authority (MTA) subway and bus; Long Island Rail Road; Amtrak; New Jersey Transit; and Metro-North Eligible ferry and water taxi services

- Eligible vanpool services
- Eligible commuter bus services
- Access-A-Ride and other area paratransit providers

If the employer offers this benefit on a pre-tax basis, the value of the employer provided transit pass and other covered transportation options is capped at the maximum dollar amount permitted under the federal law for pre-tax qualified transportation fringe benefits ($325 in 2025; TBD in 2026).

For more information, see NYC Commuter Benefits Law.

GROUP TERM LIFE INSURANCE

Employers in New York are not required to provide employer-paid group term life insurance (GTLI) benefits. However, insurers that issue GTLI policies to employers must comply with certain requirements. For example, if employees pay any portion of the GTLI premiums, the GTLI policy must cover a minimum of 50% or five of the eligible employees, whichever is fewer.

Further, GTLI policies issued in New York are required to include a conversion option that gives covered employees a time-limited opportunity to convert group coverage to an individual policy without evidence of insurability upon termination of employment, termination of membership in an eligible class, policy termination, or certain age-related coverage reductions. GTLI policies issued in New York must also include a conversion option for covered dependents when dependent coverage is terminated or reduced, upon the employee's death (with respect to covered surviving spouses and children), when a covered child reaches the maximum covered age, or upon divorce or annulment of marriage.

When an event occurs that triggers GTLI conversion rights, New York law requires notice of these rights within 15 days of the event. If notice is given more than 15 days but fewer than 90 days after the event, then the conversion period is extended for 45 days after the notice is provided. If notice is not given within 90 days, the conversion period expires at the end of 90 days. Notice can be delivered to the covered individual by the insurer or the employer if the insurer has shifted notice responsibility to the employer via carrier agreement or plan terms. Mailing to the covered individual's last known address satisfies delivery requirements. GTLI policies may also contain conversion and notice terms that are more favorable to employees.

Employers become subject to these state law requirements to the extent they are incorporated into the GTLI plan terms (i.e., as ERISA fiduciaries, employers sponsoring GTLI must follow the plan terms). Carrier agreements may also require employers to assist with meeting notice requirements related to conversion rights. Employers should confirm with their GTLI insurer whether they are responsible for delivering conversion notices under the terms of the GTLI plan or carrier agreement. For general information about GTLI benefits, see the PPI publication **Group Term Life Insurance: A Guide for Employers**.

SUMMARY

Employers with one or more employees who work or reside in New York should be well informed about the range of benefit requirements that pertain to such employees.

RESOURCES

New York Mandated Health Benefits

About PPI: PPI Benefit Solutions combines seasoned expertise with cutting-edge technology to deliver comprehensive, cost-effective solutions that simplify benefits administration for small and mid-sized employers. Our commitment to excellence is reflected in innovative services and collaborative partnerships with carriers and brokers. Together, we foster a dynamic benefits ecosystem that reduces administrative burden, drives business growth, and supports long-term organizational resilience. For more information, visit **ppibenefits.com.**

PPI BENEFIT SOLUTIONS

APPENDIX A

New York Paid Family Leave Benefits Chart

Year	Weeks of Leave	PFL Benefit Formula	Statewide Average Weekly Wage (SAWW)*	PFL Premium % (Rate)**	Max PFL Premium	Max Weekly Benefit	Max 12-Month Benefit
2025	12 weeks	67% of employee's AWW, up to 67% of SAWW	$1,757.19 ($91,373.88/year)	0.388% earnings	$354.53/year	$1,177.32	$14,127.84
2026	12 weeks	67% of employee's AWW, up to 67% of SAWW	$1,833.63 ($95,348.76/year)	0.432% earnings	$411.91/year	$1,228.53	$14,742.36

*NYSAWW is the average weekly wage paid in New York State during the previous calendar year as reported by the Commissioner of Labor to the Superintendent of Financial Services on March 31 of each year.

**The PFL Premium % (Rate) is established by the NYS Department of Financial Services; it is published annually by September 1 for the policy period beginning on the following January 1.

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APPENDIX B

Sample Employee Communication for Calendar Year 2026

Date: [Month DD, YYYY]

To: New York Employees

From: Human Resources

Re: New York Paid Family Leave Premium and Benefits for 2026

The New York Paid Family Leave law (NY PFL) was enacted to provide job-protected, paid time off so New York employees can:

- Bond with a newly born, adopted, or fostered child.
- Care for a family member with a serious health condition.
- Assist loved ones when a family member is deployed on active military duty.

In addition to the above uses, NY PFL job protection and financial compensation extends to certain covered employees in the event they, or their minor dependent child, are under an order of quarantine or isolation due to COVID-19. Note that this COVID-19 quarantine leave legislation expires on July 31, 2025. NY PFL benefits are not available to employees who are able to work through remote access or other means.

NY PFL benefit premiums are funded by employees through after-tax payroll deductions. The premium rate is set annually by the Department of Financial Services.

Effective January 1, 2026, the premium for NY PFL is 0.432% of earnings to a maximum of $411.91/year. Employees who earn less than the applicable wage cap ($95,348.76/year in calendar 2026) will be subject to less than the maximum premium.

[Add as applicable: As a benefit to you, [Name of Company] has chosen to pay the NY PFL premium for you in 2026.]

The maximum NY PFL benefit in a 52-week period is 12 weeks, paid at 67% of an employee's average weekly wage to a maximum of 67% of the New York State Average Weekly Wage. An employee's NY PFL entitlement is offset by any NY PFL time taken within the prior rolling 12 months.

For further information about NY PFL, including how to calculate your NY PFL benefits or file a claim, please contact Human Resources or visit the New York Paid Family Leave website at www.paidfamilyleave.ny.gov.

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