Return on Investment Calculation - Example

Example: There are 100 dependents enrolled in NYSHIP; 6 are determined to be ineligible for NYSHIP benefits:

- 4 are enrolled in the Empire Plan; savings is based on their average claims experience
- 2 are enrolled in HMOs; removing the ineligible dependents, as they were the only dependents listed, results in the enrollee's coverage changing from Family to Individual.
- 3 of the 6 dependents are also Medicare eligible

The Savings and the Return on Investment relative to the six dependents determined to be ineligible are calculated as follows:

A. Annualized Savings for Dependents Currently Enrolled in the Empire Plan or SEHP

	Total Claims 2002 - 2007	# Months Enrolled in Empire Plan or SEHP 2002 - 2007	Average Monthly Claims Paid	12 Months	Annualized Claims Paid
	a	b	c=a/b	d	e=c*d
Dependent A	$10,000	60	$167	12	$2,004
Dependent B	$5,000	48	$104	12	$1,248
Dependent C	$0	13	$0	12	$0
Dependent D	$500	7	$71	12	$852
				Total Empire Plan/SEHP Savings (A):	**$4,104**

B. Annualized Savings for Dependents Currently Enrolled in an HMO

	2008 Annual Family Net Premium	2008 Annual Individual Net Premium		Annualized Savings
	a	b		c=a-b
Dependent E	$12,000	5,000		$7,000
Dependent F	$11,000	4,800		$6,200
			Total HMO Savings (B):	**$13,200**

C. Annualized Savings for Dependents Currently Medicare Eligible

	Monthly Medicare Part B Reimbursement	12 Months	Annualized Savings
Dependent A	$96.40	12	$1,156.80
Dependent B	$96.40	12	$1,156.80
Dependent E	$96.40	12	$1,156.80
		Total Medicare Part B Reimbursement Savings (C):	**$3,470**

Total Savings and Return on Investment Calculation	
Total Savings (D)=(A)+(B)+(C)	**$20,774.40**
Total Cost of Project (E)	**$5,000**
ROI (F)=(D)/(E)	**4.2**