

---

---

**SECTION I: INTRODUCTION****A. Purpose**

The purpose of these specifications, entitled “2016 HMO Specifications for the New York State Health Insurance Program” (NYSHIP), hereinafter referred to as “Specifications,” is to secure the services of qualified Health Maintenance Organizations (HMOs) for participation in the New York State Health Insurance Program (NYSHIP).

It is the intent of the Department of Civil Service (DCS or Department), in consultation with the Joint Labor Management Committee (JLMC), to secure a five (5) year contract(s) for HMO services for the years 2016 - 2020, subject to the approval of the New York State Office of the Attorney General (OAG) and New York State Office of the State Comptroller (OSC). The JLMC is a committee consisting of representatives of the State’s collective bargaining units, the Department of Civil Service, and the Governor’s Office of Employee Relations (GOER) which is charged with the responsibility to cooperatively develop and oversee administration of health care programs for State-represented employees and to make mutually agreed upon changes to health plan benefits. The Department requires that the HMO services offered be a community-based premium product, or a CMS-approved Medicare Advantage Plan for Medicare-Primary Enrollees. HMOs selected to participate in NYSHIP will be required on an annual basis to submit documentation, referred to as the “Required Annual Submission,” of their continued eligibility to provide health plan benefits and description of their benefit package offering for the upcoming Plan Year. A description of the Required Annual Submission is found in Section II.A.6. An HMO’s failure to submit the Required Annual Submission and clarifications, if any, for the JLMC’s review and approval, or failure to obtain the JLMC’s approval by the Department established deadlines, may result in the Department’s termination of the Agreement that results from the Specifications or placement of restrictions on the HMO’s participation in NYSHIP.

The Department, in consultation with the JLMC, will only consider submissions from HMOs that agree to provide coverage to both NYSHIP primary and Medicare primary Enrollees and Dependents. HMOs may either submit a Commercial Plan offering that is available to both such groups or an offering that is a combination of a Commercial Plan and a Medicare Advantage Plan that includes Centers for Medicare and Medicaid Services (CMS) approved Part D coverage. If the HMO has an approved Medicare Advantage Plan with Part D coverage in the same Service Area as the Commercial Plan offering, the HMO must offer the Medicare Advantage Plan to Medicare Primary Enrollees. In addition, the HMO Service Area must be limited to counties in New York

State and/or New Jersey. Residents of Service Areas in New Jersey must receive the same benefit levels as residents in the same HMO in New York State. The Department and JLMC will consider participation requests from HMOs that include their entire Service Area or an HMO that limits its proposal to include only certain counties in the Service Area. The Department may, at its discretion and in conjunction with the JLMC, select an HMO's entire proposed Service Area or may select specific counties within the proposed Service Area for participation in NYSHIP.

During years 2 – 5 of the term of the Agreement(s) that result from the Specifications, the Department may, at its discretion, in consultation with the JLMC determine that a geographic region is underserved by NYSHIP HMO coverage. To illustrate, presently the JLMC considers Chemung and Schuyler counties in New York and all counties in New Jersey as underserved counties. To address such need, the Department in consultation with the JLMC may consider expansion requests from HMOs that currently participate in the NYSHIP limited to geographic areas deemed underserved in NYSHIP at the Department's discretion in consultation with the JLMC.

Current NYSHIP participating HMOs would continue as contracted for the remainder of the five year term following the annual renewal and approval process as described in Section II.A.6.

This Specification document is a Periodic Recruitment initiative to obtain qualified HMOs for participation in NYSHIP. The Department expects to make multiple awards resulting from these Specifications. It is the Department's intent to offer a subsequent Periodic Recruitment of proposals in 2020.

## **B. Submission of Proposals**

These Specifications contain information and instructions to enable interested parties (hereinafter referred to as "HMO") to prepare and submit Proposals as specified in Section II A.7 of these Specifications. Additional copies of these Specifications and related exhibits may be downloaded from the following URL: [www.cs.ny.gov/HMO2016Specifications/index.cfm](http://www.cs.ny.gov/HMO2016Specifications/index.cfm).

## **C. Overview of New York State Health Insurance Program**

The New York State Health Insurance Program (NYSHIP) was established by the New York State Legislature in 1957 to provide essential health insurance protection to New York State (NYS) Employees, Retirees, and their eligible Dependents. Article XI of the NYS Civil Service Law (CSL) was amended to allow the New York State Employee Health Insurance Plan the option to be self-

funded. Specifically, the law states that the President of the Civil Service Commission “may provide health benefits directly to plan participants, in which case the president is hereby authorized to purchase a contract or contracts with one or more firms qualified to administer, on the New York State health benefit plan’s behalf, the plan of benefits.” Public authorities, public benefit corporations, and other quasi-public entities, such as the NYS Thruway Authority and the Dormitory Authority may choose to participate in NYSHIP; those that do are called Participating Employers (PEs). Article XI of the NYS CSL also allows local units of government such as school districts, special districts, and municipal corporations to participate in NYSHIP; those local government units which choose to participate in NYSHIP are called Participating Agencies (PAs). At present, there are approximately 453 NYS agencies, 102 PEs, and 784 PAs in NYSHIP. Under Article XI of the CSL, as amended, and 4 New York Code of Rules and Regulations (NYCRR) Part 73, as amended, the President of the New York State Civil Service Commission, who also serves as the Commissioner of the Department, through the Department’s Employee Benefits Division (EBD), is responsible for the ongoing administration of NYSHIP.

NYSHIP currently covers over 589,600 NYS, PA and PE Employees and retirees. Eligible covered Dependents bring the total number of covered lives to approximately 1,222,500.

NYSHIP currently provides health benefits coverage through The Empire Plan, a Participating Provider Organization (PPO) with managed care components, and 9 Health Maintenance Organizations (HMOs). The Excelsior Plan is a lower cost version of The Empire Plan available to PAs. Additionally, the Student Employee Health Plan (SEHP) is administered through The Empire Plan contracts. SEHP is a health benefits plan for graduate student Employees of the New York State and New York City University systems. NYS and PE employees and retirees may elect to enroll in either The Empire Plan or in HMOs offered through NYSHIP. NYSHIP offers only The Empire Plan and the Excelsior Plan to PAs. PAs may, and frequently do, offer HMOs directly to their own Employees and retirees as an alternative to Empire Plan coverage.

Consistent with NYS Public Health Law Article 44 (Article 44), the NYSHIP offering of HMOs for those employees represented by a collective bargaining agent is subject to the collective bargaining process. As a result of this provision, agreements between the State and collective bargaining agents specify that the offering of HMOs be bargained through the JLMC, which consists of the State’s nine collective bargaining agents, the Department and the Governor’s Office of Employee Relations (GOER).

CSL ARTICLE XI authorizes the President of the Civil Service Commission to establish provisions for administration of the health benefit plan for unrepresented employees and to extend collectively bargained agreements in whole or in part to unrepresented employees based upon the approval of the Director of the Budget.

Further, CSL Article XI directs the President of the Civil Service Commission to purchase contracts for insurance to provide health benefits provided pursuant to that Article. Pursuant to this authority the Department contracts with HMOs to provide health benefits for participation in NYSHIP.

NYSHIP currently offers eligible enrollees coverage in HMOs as an alternative to coverage under the Empire Plan, a self-funded Participating Provider Organization (PPO) with managed care components. Enrollees may elect either Individual or Family coverage; NYSHIP does not offer coverage based on the number of Dependents, (e.g. Enrollee plus one Dependent, Enrollee plus two Dependents, etc.), nor does NYSHIP permit Dependents to be enrolled in a different NYSHIP health plan than the Enrollee. NYSHIP enrollment in either the Empire Plan or an HMO is available at the time of initial employment in a benefits eligible position, subject to a waiting period, and thereafter, subject to a late enrollment waiting period. NYSHIP has an annual Option Transfer Period during which Enrollees may change their existing health benefit option for the next Plan Year. Retired employees may change their health benefit option once every twelve months without regard to the Option Transfer Period.

#### **D. Employer Premium Contribution**

New York State Employees and Retirees are required to contribute toward the cost of the NYSHIP coverage option they select. For represented State Employees, the formula used to determine the amount that the Employer contributes towards the cost of HMO coverage is determined through collective bargaining between the State and the labor unions that represent State Employees. These contribution formulas are often extended to unrepresented Employees.

The State contributes on behalf of its Employees. For Employees in ratified groups with titles allocated or equated to Salary Grade 9 and below, the State will pay 88 percent of the cost of the premium for Enrollee coverage and 73 percent of the additional cost of Dependent coverage. For Employees with titles allocated or equated to Salary Grade 10 and above, the State will pay 84 percent of the cost of the premium for Enrollee coverage and 69 percent for the additional cost of Dependent coverage. For Employees in non-ratified groups, the State will pay 90 percent of the

cost of the premium for Enrollee coverage and 75 percent of the additional cost for Dependent coverage. The State's dollar contribution for the non-prescription drug components of the HMO premium, however, will not exceed its dollar contribution for the non-prescription drug components of The Empire Plan premium.

The State's contribution rate for Retirees varies depending on the date of retirement. See **Exhibit II.I** entitled "Employer Premium Contribution Rates."

Contribution rates for Participating Employers vary by Employer; however, the minimum contribution rates are 50% of the cost of Enrollee coverage and 35% of the additional cost of Dependent coverage.

#### **E. Enrollment Statistics**

The number of NYSHIP Enrollees by county is presented in **Exhibit II.D** entitled "NYSHIP Enrollment Statistics." HMOs may use these counts as an estimate of the number of Enrollees that may choose to enroll in an HMO during the Option Transfer Period. Currently, 15.34 % of State and Participating Employers NYSHIP Enrollees are enrolled in HMOs.