



GEORGE E. PATAKI
GOVERNOR

STATE OF NEW YORK
DEPARTMENT OF CIVIL SERVICE
THE STATE CAMPUS
ALBANY, NEW YORK 12239
www.cs.state.ny.us

GEORGE C. SINNOTT
COMMISSIONER

DANIEL E. WALL
EXECUTIVE
DEPUTY COMMISSIONER

PA 03-15

To: Participating Agency Health Benefit Administrators
From: The Employee Benefits Division
Subject: Empire Plan Quarterly Experience Report
Date: August 25, 2003

Enclosed are the Second Quarter Empire Plan Experience Report for 2003 and the cover letter to the Chief Executive Officers. This report presents projected 2003 Empire Plan experience and the projected 2004 premium rates.

Enclosures



STATE OF NEW YORK

DEPARTMENT OF CIVIL SERVICE

THE STATE CAMPUS
ALBANY, NEW YORK 12239
www.cs.state.ny.us

GEORGE E. PATAKI
GOVERNOR

GEORGE C. SINNOTT
COMMISSIONER

DANIEL E. WALL
EXECUTIVE
DEPUTY COMMISSIONER

August 25, 2003

Dear Chief Executive Officer:

Attached is the Empire Plan Second Quarter Experience Report for 2003. This report presents the projected 2003 Empire Plan experience based on claims paid through June 30, 2003, as well as the projected 2004 premium rates.

For Plan Year 2003, the Empire Plan carriers project a net dividend of \$55.8 million, 1.6% of premium. The report explains the basis for these projections and future reports will include revisions based on additional claims experience.

The projected 2004 premium rates are presented in Exhibit I and reflect a "best estimated" net rate increase of 18.6%. The report also presents a range of the potential 2004 rate increase for your budget development considerations.

I hope this report is informative and useful to you. If you have any questions, comments or suggestions, please don't hesitate to contact me.

Sincerely,

Robert W. DuBois, CEBS
Director
Employee Benefits Division

Attachments

cc: Health Benefits Administrators



PARTICIPATING AGENCIES

**EMPIRE PLAN
2003 SECOND Quarter
Experience Report**

**Prepared by The State of New York
Department of Civil Service**

EMPIRE PLAN EXPERIENCE REPORT

APRIL – JUNE 2003

Produced for

PARTICIPATING AGENCIES IN THE

NEW YORK STATE

HEALTH INSURANCE PROGRAM

by

the Employee Benefits Division

New York State Department of Civil Service

George C. Sinnott

President, New York State Civil Service Commission

• Projected 2003 Empire Plan Experience	Page 1
• 2004 Projected Premium Rates	Page 1
• Keeping You Informed.	Pages 2-3
Attachment 1 – Transmission of Reports Electronically	

Exhibits

- I. Projected 2003 Empire Plan Experience
- II. 2004 Projected PA Premium Rates
- III. Empire Plan PA 5-Tier Group Rates 1995-2004
- IV. Empire Plan PA 2-Tier Group Rates 1995-2004

**NYS HEALTH INSURANCE PROGRAM
PARTICIPATING AGENCY GROUP
EMPIRE PLAN EXPERIENCE REPORT
2ND QUARTER REPORT**

PROJECTED 2003 EMPIRE PLAN EXPERIENCE

The Empire Plan carriers project a composite dividend of \$55.8 million (1.6% of premium), or \$9.1 million more than the margin loaded in the 2003 rates. The 2003 annual experience projected by the insurance carriers is reported in Exhibit I. Overall, the 2003 experience projection is encouraging.

For the Prescription Drug Program, Cigna projects a gain of \$35.4 million or \$12.7 million greater than the margin level used in the development of the 2003 rates. This increase is reflective of the modest improvement in the 2002 claim base that occurred after the development of the 2003 rates coupled with a modest improvement in trend in comparison to the 20% level assumed in the rate development.

For the Medical Program, United HealthCare projects a gain of \$50.9 million (3.8% of premium) or \$27.5 million more than the margin level used in the development of the 2003 rates. This experience improvement is attributable to a modest reduction in the 2002 estimated claim base as well as a modest reduction in the observed trend for 2003 (11.3% to 10.0%).

Group Health Incorporated (GHI) projects a gain of \$1.6 million (1.8% of premium) for the Mental Health Substance Abuse Program or \$1.1 million more than the margin level used in the development of the 2003 rates. This improvement is largely attributable to a projected reduction in trend from 7% to 5% for 2003.

Empire BlueCross BlueShield projects a net loss of \$32.0 million (3.2% of premium) for the Hospital Program. The projected loss is primarily attributable to an increase in the 2002 claim base from the amount projected at the time of the 2003 rate development. While this also results in a higher trend (13.0% versus 9.7%) for 2002, the impact on the 2003 trend is less certain and is considered to be very conservative at this time. In addition, \$5 million of the projected loss is attributable to an increase in assessed taxes.

2004 PROJECTED PREMIUM RATES

Exhibit II presents the projected 2004 Empire Plan gross and net premium rates assuming the application of \$77.7 million in dividend to all payors. In the aggregate, the Empire Plan gross premium is projected to increase approximately 16.8% while the net premium is projected to increase 18.6%.

A range of the net premium rates (15.1% - 22.0% increase) is also included. While carrier rate projections made at this time of the year have been historically conservative, each agency should assess its budgetary environment in using the enclosed projections.

Exhibit III presents the individual and family rate history for the Core Plus Medical and Psychiatric Enhancement option based on the 5-tier Empire Plan billing rate history in effect since January 1, 1996. Exhibit IV presents, for illustrative purposes only, the 2-tier rate history from 1995 to 2004.

KEEPING YOU INFORMED

Participating Agency Benefit Statements

Empire Plan Benefit Statements will be distributed to Participating Agency enrollees' homes in September 2003. This statement will enable enrollees to review their official health insurance enrollment record at the Employee Benefits Division and will instruct them to notify their agency Health Benefits Administrator of any necessary additions, changes or deletions to their record. Prior to this distribution, we will send agency Health Benefit Administrator's detailed information about this project.

Transmission of Reports Electronically

The Employee Benefits Division has the capability to transmit the Participating Agency Quarterly Experience Report via E-mail. Using a software product called Adobe Acrobat Reader™, the PA Quarterly Report is converted into a portable document format (PDF). This is a format that can be read by any recipient, if they have Adobe Acrobat Reader™ installed on their system. Adobe Acrobat Reader™ is available free from Adobe Systems, Inc., at <http://www.adobe.com>.

There are many advantages to receiving the reports electronically including: reports will be received sooner; there will be less paper to handle; and the reports can be stored electronically and/or a hard copy may be printed.

If you would like to receive the report electronically, please provide your E-mail address by completing the bottom section of Attachment 1 and returning it to the Employee Benefits Division.

NYSHIP Representation at Municipal Events

NYSHIP's Empire Plan will be represented at the following municipal events:

- The 2003 Fall Training School sponsored by the NYS Conference of Mayors and Municipal Officials on September 15-17, 2003, in Lake Placid, NY.
- The 2003 Annual Local Government Conference sponsored by the SUNY Potsdam Rural Services Institute on October 7, 2003, in Potsdam, NY.
- The 2003 Annual Convention and Educational Trade Show sponsored by the NYS School Boards Association on October 23-25, 2003, in Rochester, NY.

Name and Address Changes

Please be sure to notify the Employee Benefits Division of any changes so that we may keep our mailing lists up-to-date. This updated information may be sent to:

***Ms. Mary Frye
Director
Employee Insurance Programs
NYS Department of Civil Service
State Campus, Building #1
Albany, NY 12239***

TRANSMISSION OF REPORTS ELECTRONICALLY

Instructions to read PDF files using ADOBE ACROBAT READERä :

What is PDF?

It is a file format compatible with many different computers and printers. Adobe Acrobat Reader™ comes in versions that run in DOS, Windows, Mac, UNIX and OS/2. Be sure to download the correct version. Their page contains download instructions.

Disclaimer

The Department of Civil Service is not responsible for Adobe Acrobat Reader™ or your use of it. The information provided herein is provided for your convenience and does not in any way constitute an endorsement of this software product or company.

To Download

Go to Adobe Systems Web Page at:

<http://www.adobe.com/supportservice/custsupport/download.html>

Follow instructions for downloading under:

Acrobat Reader Macintosh Windows DOS UNIX OS/2

If you would like to receive the report electronically, please complete this form and return it to:

Ms. Mary Frye
Director
Employee Insurance Programs
NYS Department of Civil Service
State Campus, Building #1
Albany, NY 12239

Agency Code:	Agency Name:
Contact Person:	E-mail Address:
Phone Number:	