



STATE OF NEW YORK

DAVID A. PATERSON
GOVERNOR

DEPARTMENT OF CIVIL SERVICE

Alfred E. Smith State Office Building
ALBANY, NEW YORK 12239
www.cs.state.ny.us

NANCY G. GROENWEGEN
COMMISSIONER

PA 10-13
PA EX 10-10

To: Participating Agency Health Benefit Administrators
From: Robert W. DuBois, Director of the Employee Benefits Division
Subject: Empire Plan Quarterly Experience Report
Date: June 18, 2010

Enclosed are the First Quarter Empire Plan Experience Report for 2010 and the cover letter to the Chief Executive Officers. This report presents the actual 2009 Empire Plan experience, the projected 2010 Empire Plan experience and the projected 2011 premium rates.

Enclosures



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NANCY G. GROENWEGEN
COMMISSIONER

June 18, 2010

Dear Chief Executive Officer:

Attached is the Empire Plan First Quarter Experience Report for 2010. This report presents the actual 2009 Empire Plan experience, the projected 2010 Empire Plan experience, based on claims paid through March 31, 2010, and the projected 2011 premium rates.

For the 2009 Plan Year, the Empire Plan carriers declared a net surplus of \$96.8 million, 1.7% of premium. This amount will be used to offset future premium increases. For the 2010 Plan Year, the Empire Plan carriers project a net loss of \$58.6 million, 1.0% of premium. This report presents the basis for these projections and future reports will include a revised projection based on additional claims experience.

In Exhibit III, you will find the projected 2011 premium rates based on The Empire Plan carriers' premium projections and a tentative dividend application amount that is \$120 million less than the amount loaded in the 2010 rates. The insurer driven "best estimate" projected net premium increases are 16.6% in aggregate for The Empire Plan and 16.2% in aggregate for The Excelsior Plan. The Department's actuarial consultant, Buck Consultants, projects 2011 premium increases of 13.1% and 13.6% for The Empire Plan and The Excelsior Plan, respectively, using the same dividend application assumption.

Given the fiscal challenges that the State and its localities continue to face, our goal is to develop 2011 NYSHIP rates that are as low as possible. The rate development and carrier negotiations will begin in September 2010; we intend to aggressively negotiate for premium reductions with the insurers. We will use both retrospective premium agreements with the carriers and application of dividend to the rates to accomplish this goal. However, given the application of substantial dividend to the 2009 and 2010 rates coupled with the relatively low dividend for 2009, the dividend available to apply to 2011 rates will be limited. Therefore, the 2011 premium increases are expected to be higher than the increases in recent trend. Taking these factors into consideration, the Department's best estimate of the projected net premium increases for 2011 is consistent with the projections made by Buck Consultants. Please be assured that we will consider every possible option for achieving both as low a rate of increase as possible for 2011 while promoting rate stability for the near future.

I hope this report is informative. 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
2010 First Quarter
Experience Report**

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

EMPIRE PLAN EXPERIENCE REPORT

**FIRST QUARTER
(January – March 2010)**

**Produced for
PARTICIPATING AGENCIES IN THE
NEW YORK STATE
HEALTH INSURANCE PROGRAM
by
the Employee Benefits Division
New York State Department of Civil Service**

**Nancy G. Groenwegen
President, New York State Civil Service Commission**

- 2009 Empire Plan Experience Page 1-2
- Projected 2010 Empire Plan Experience Page 2
- Projected 2011 Premium Rates Page 3

EXHIBITS

- I.** Actual 2009 Empire Plan Experience
- II.** Projected 2010 Empire Plan Experience
- III.** Projected 2011 PA Premium Rates
- IV.** Empire Plan PA 5-Tier Group Rates (2002-2011)
- V.** Empire Plan PA 2-Tier Group Rates (2002-2011)

- *NYSHIP News*

**NEW YORK STATE HEALTH INSURANCE PROGRAM
PARTICIPATING AGENCY GROUP
EMPIRE PLAN EXPERIENCE REPORT
1st QUARTER REPORT**

ACTUAL 2009 EMPIRE PLAN EXPERIENCE

The Empire Plan carriers declared a composite surplus of \$96.8 million (1.7% of premium). The 2009 annual experience projected by the insurance carriers is reported in Exhibit I.

This 2009 settlement is based on thirteen months of 2009 paid claim data. The following chart presents the percentage of the incurred claims actually paid as well as the observed 2009 trend as compared to the trend assumed during the 2009 premium rate development:

	<u>% of Actual Paid Claims to Projected Incurred Claims</u>		<u>Projected 2009 Trend</u>	
	<u>2008</u>	<u>2009</u>	<u>@ Final Renewal</u>	<u>@ 1st Quarter</u>
Blue Cross Hospital	99.6%	94.4%	11.5%	12.2%
UHC Medical	99.9%	96.6%	7.5%	6.9%
UHC MHSA	99.8%	88.3%	9.2%	19.3%
Rx	100.0%	99.9%	9.0%	3.7%

Consistent with the strategy used in recent years to help keep rates as low as possible, the 2009 rates excluded a margin factor. In exchange, the Department entered into an agreement with each carrier under which, a retrospective premium payment would be made up to the value of the margin if claims and expenses exceeded the premium paid. The 2009 projected dividend for each carrier as compared to the margin level used in the 2009 premium development is as follows:

	<u>Margin</u>	<u>2009 Dividend/(Loss)</u>	<u>Increase/(Decrease) over margin</u>
Blue Cross Hospital	\$0	\$27,132,000	\$27,132,000
UHC Medical	\$0	\$4,567,000	\$4,567,000
UHC MHSA	\$0	(\$13,098,000)	(\$13,098,000)
UHC Rx	\$0	\$78,244,000	\$78,244,000
Total	\$0	\$96,845,000	\$96,845,000

The increase in the final dividend over prior projections is primarily attributable to the improvement in the Prescription Drug Program 2009 trend, which accounts for approximately \$60 million of the increase, and an increase in the pharma rebates earned by the Program. The projected loss for the Mental Health and Substance Abuse Program is primarily the result of increases in both the cost of services and the number of services provided under the Program. Shifts in utilization from in-network to out of network attributable to Timothy's Law also continued to be observed and significantly contributed to the loss. In addition, the surplus reflects an increase in retention and assessment costs among all the carriers. The latter is primarily due to increases in the NYS Insurance Department Assessment, Bad Debt and Charity Surcharge and Covered Lives Assessment resulting from State legislation.

As a result of the loss under the Mental Health and Substance Abuse Program, \$4.1 million was paid to UHC under the retrospective premium agreement. The remaining \$9.0 million loss is recoverable by UHC from future year's surplus and is not offset against 2009 Plan surplus. As a result, the total Plan dividend generated for 2009 is \$105.8 million. Dividend was further increased to \$110.3 million after inclusion of the incremental dividends declared on the Prescription Drug contract with Blue Cross that terminated on 12/31/07 and the Mental Health and Substance Abuse contract with GHI that terminated on 12/31/08. Incremental dividends occur when the actual claims paid after the date the contract terminates are less than the value of the claims reserve established at the date of contract termination.

PROJECTED 2010 EMPIRE PLAN EXPERIENCE

The Empire Plan carriers project that the 2010 premiums, which included no margin, will generate a composite loss of \$58.6 million (1.0% of premium). The 2010 annual experience projected by the insurance carriers is reported in Exhibit II.

This projection is based on only three months of 2010 paid claim data. The following chart presents the percentage of the projected incurred claims actually paid as well as the current 2010 trend as compared to the trend assumed during the 2010 premium rate development:

	<u>% of Paid Claims to Projected Incurred Claims</u>		<u>Projected 2010 Trend</u>	
	<u>2009</u>	<u>2010</u>	<u>@ Final Renewal</u>	<u>@ 1st Quarter</u>
Blue Cross Hospital	97.4%	14.9%	11.8%	11.8%
UHC Medical	98.4%	16.8%	8.0%	7.5%
UHC MHSA	94.1%	10.6%	6.8%	4.4%
UHC Rx	99.9%	21.0%	9.9%	10.2%

The 2010 projected dividend for each carrier as compared to the margin level used in the 2010 premium development is as follows:

	Margin	2010 Projected Dividend/(Loss)	Increase/(Decrease) over margin
Blue Cross Hospital	\$0	(\$72,040,000)	(\$72,040,000)
UHC Medical	\$0	(\$217,000)	(\$217,000)
UHC MHSA	\$0	(\$511,000)	(\$511,000)
UHC Rx	\$0	\$14,115,000	\$14,115,000
Total	\$0	(\$58,653,000)	(\$58,653,000)

This projected loss is primarily attributable to Empire BlueCross BlueShield's premium projection for the hospital program. A significant number of enrollees were changed from Family to Individual coverage as the result of the Dependent Eligibility Audit. However, eligible dependents continue to be reinstated. Therefore, the 2010 premiums projected by the carriers are dependent on the assumptions used relative to the reinstatement rate. While EBCBS used a very conservative reinstatement rate, UHC assumed most terminated dependents that did not voluntarily terminate would be reinstated. Premium projections made after June should be more consistent and accurate. Minor changes were made relative to the projected 2010 trend and the 2009 claim base estimate.

2011 PROJECTED PREMIUM RATES

Empire Plan carriers' rate proposals for 2011 are required to be submitted to the Department by September 1. Upon review of the documentation by the Department and Buck Consultants, we will negotiate aggressively with each of the carriers to achieve appropriate reductions in the submitted premium levels. Additionally, we will continue to use retrospective agreements with the carriers and the prudent application of dividend to lower the Plan's net premiums. Our goal is to achieve the lowest rates possible for 2011 while maintaining rate stability for the coming years. Taking these rate factors into account, the Department's best estimate of the projected 2011 net premium increases, as presented in Exhibit III, are 13.1% and 13.6% for The Empire Plan and The Excelsior Plan, respectively. These estimates are consistent with the projections provided by Buck Consultants. Future quarterly reports will reflect updates to these estimates as 2010 experience is incurred and analyzed.

Exhibit III also presents the projected 2011 Empire Plan gross and net premium rates, as projected by the insurance carriers, assuming the application of \$290.0 million in dividend across all payors. These projections include a range of gross and net premium rates based a range of assumptions (13.3% - 19.1% net increase for the Empire Plan).

Exhibit IV presents The Empire Plan individual and family 5-tier billing rate history since 2002. Exhibit V presents, for illustrative purposes only, the 2-tier rate history from 2002 to 2011.

As noted above, the 2011 premium projections in Exhibit III are based on The Empire Plan 2010 first quarter reports reflecting only three months of 2010 paid claim activity. Historically, premium projections made by the carriers at this time of the year have been conservative. Over the past five years, the final premium rates negotiated with the carriers in October for the following plan year have been slightly greater than the carrier optimistic rate projections made at this point in time. While each agency should assess its budgetary environment in using the projected information contained in this report, we believe the actual increases will more closely match the Buck projections.

The current assumed dividend application of \$290 million is reflective of a strategy to promote rate stability, as best as possible, over a number of years while also providing fiscal relief to State and Local governments. However, the actual amount of dividend to be applied as a credit in the 2011 premium rates will be determined in October 2010 based on a number of factors including, but not limited to, the following:

- The final results of premium negotiations with the carriers which may be impacted by federal health care legislation, NYS legislation, the NYSHIP Dependent Eligibility Audit Project, the Empire Plan contract procurement schedule, etc.
- The impact on the stability of premium over time (2011 – 2015).
- The status of the economy, as well as the State and Local Government fiscal climate.

We will work together with the Division of the Budget to ensure that NYSHIP rates for local governments are kept as low as fiscally prudent.

2009 FINAL EMPIRE PLAN EXPERIENCE
In (000's)

	EMPIRE BLUE CROSS	UNITED HEALTHCARE MEDICAL				UHC MHSA				UHC DRUG	TOTAL
		Core	NY Enhancement	PA Enhancement	Combined	Core	NY Enhancement	PA Enhancement	Combined		
A Premium (1)	1,889,244	1,681,770	239,340	228,781	2,149,891	111,903	4,793	4,068	120,764	1,486,983	5,646,882
B Incurred Claims (2)	1,710,667	1,512,803	212,442	206,594	1,931,839	108,635	3,788	3,309	115,732	1,320,817	5,079,055
C Administrative Expense (3)	151,445	174,115	19,968	19,402	213,485	16,785	728	617	18,130	87,922	470,982
D Gain/(Loss) (A-B-C)	27,132	(5,148)	6,930	2,785	4,567	(13,517)	277	142	(13,098)	78,244	96,845

(1) Earned Premium - Premium which pays for coverage for the period reported (accrual basis).

(2) Incurred Claims - Represents the cost of covered services provided during the period reported by the insurance company (accrual basis).

(3) Administrative Expenses - All charges by the insurance carrier other than for the payment of claims.
Includes carrier's cost to administer the program, interest charges, and other retention.

Source: Carriers 2009 Final Experience Statements

2010 PROJECTED EMPIRE PLAN EXPERIENCE
In (000's)

	EMPIRE BLUE CROSS	UNITED HEALTHCARE MEDICAL				UHC MHSA				UHC DRUG	TOTAL
		Core	NY Enhancement	PA Enhancement	Combined	Core	NY Enhancement	PA Enhancement	Combined		
A Premium (1)	1,969,395	1,794,017	248,037	253,395	2,295,449	132,591	4,811	4,220	141,622	1,515,252	5,921,718
B Incurred Claims (2)	1,888,372	1,625,193	224,437	217,367	2,066,997	115,826	3,030	3,137	121,993	1,415,602	5,492,964
C Administrative Expense (3)	153,063	188,558	20,377	19,734	228,669	19,122	500	518	20,140	85,535	487,407
D Gain/(Loss) (A-B-C)	(72,040)	(19,734)	3,223	16,294	(217)	(2,357)	1,281	565	(511)	14,115	(58,653)

(1) Earned Premium - Premium which pays for coverage for the period reported (accrual basis).

(2) Incurred Claims - Represents the cost of covered services provided during the period reported by the insurance company (accrual basis).

(3) Administrative Expenses - All charges by the insurance carrier other than for the payment of claims.
Includes carrier's cost to administer the program, interest charges, and other retention.

Source: Carriers 2010 1st Quarter Experience Reports

2011 Premium Projections

Empire Plan

<u>Department/Buck Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>
Individual Plan Prime	660.24	719.81	9.0%	612.34	688.31	12.4%
Family Plan Prime	1,431.43	1,561.30	9.1%	1,330.93	1,495.21	12.3%
Individual Mediprime	400.76	449.06	12.1%	367.37	422.04	14.9%
Family - 1 Mediprime	1,171.95	1,290.56	10.1%	1,085.94	1,228.94	13.2%
Family - 2+ Mediprime	912.48	1,019.79	11.8%	840.98	962.61	14.5%
Aggregate			9.7%			13.1%

<u>Carrier Optimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>
Individual Plan Prime	660.24	721.81	9.3%	612.34	690.31	12.7%
Family Plan Prime	1,431.43	1,566.44	9.4%	1,330.93	1,500.35	12.7%
Individual Mediprime	400.76	447.16	11.6%	367.37	420.14	14.4%
Family - 1 Mediprime	1,171.95	1,291.79	10.2%	1,085.94	1,230.17	13.3%
Family - 2+ Mediprime	912.48	1,017.15	11.5%	840.98	959.97	14.1%
Aggregate			9.9%			13.3%

<u>Carrier Best Estimate Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>
Individual Plan Prime	660.24	740.05	12.1%	612.34	708.55	15.7%
Family Plan Prime	1,431.43	1,605.71	12.2%	1,330.93	1,539.62	15.7%
Individual Mediprime	400.76	465.26	16.1%	367.37	438.24	19.3%
Family - 1 Mediprime	1,171.95	1,330.94	13.6%	1,085.94	1,269.32	16.9%
Family - 2+ Mediprime	912.48	1,056.16	15.7%	840.98	998.98	18.8%
Aggregate			12.9%			16.6%

<u>Carrier Pessimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>
Individual Plan Prime	660.24	755.17	14.4%	612.34	723.67	18.2%
Family Plan Prime	1,431.43	1,638.42	14.5%	1,330.93	1,572.33	18.1%
Individual Mediprime	400.76	476.03	18.8%	367.37	449.01	22.2%
Family - 1 Mediprime	1,171.95	1,359.29	16.0%	1,085.94	1,297.67	19.5%
Family - 2+ Mediprime	912.48	1,080.15	18.4%	840.98	1,022.97	21.6%
Aggregate			15.3%			19.1%

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

2011 Premium Projections

Excelsior Plan

<u>Department/Buck Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>
Individual Plan Prime	583.66	640.84	9.8%	541.71	612.89	13.1%
Family Plan Prime	1,271.13	1,395.69	9.8%	1,183.09	1,337.02	13.0%
Individual Mediprime	338.84	380.18	12.2%	307.18	354.72	15.5%
Family - 1 Mediprime	1,026.09	1,135.03	10.6%	948.54	1,078.84	13.7%
Family - 2+ Mediprime	781.06	874.36	11.9%	713.99	820.66	14.9%
Aggregate			10.4%			13.6%

<u>Carrier Optimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>
Individual Plan Prime	583.66	638.88	9.5%	541.71	610.93	12.8%
Family Plan Prime	1,271.13	1,392.44	9.5%	1,183.09	1,333.77	12.7%
Individual Mediprime	338.84	373.78	10.3%	307.18	348.32	13.4%
Family - 1 Mediprime	1,026.09	1,127.32	9.9%	948.54	1,071.13	12.9%
Family - 2+ Mediprime	781.06	862.23	10.4%	713.99	808.53	13.2%
Aggregate			9.8%			13.0%

<u>Carrier Best Estimate Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>
Individual Plan Prime	583.66	654.36	12.1%	541.71	626.41	15.6%
Family Plan Prime	1,271.13	1,425.88	12.2%	1,183.09	1,367.21	15.6%
Individual Mediprime	338.84	388.45	14.6%	307.18	362.99	18.2%
Family - 1 Mediprime	1,026.09	1,159.97	13.0%	948.54	1,103.78	16.4%
Family - 2+ Mediprime	781.06	894.06	14.5%	713.99	840.36	17.7%
Aggregate			12.8%			16.2%

<u>Carrier Pessimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>	<u>2010</u>	<u>2011 (3)</u>	<u>% Change</u>
Individual Plan Prime	583.66	667.39	14.3%	541.71	639.44	18.0%
Family Plan Prime	1,271.13	1,454.15	14.4%	1,183.09	1,395.48	18.0%
Individual Mediprime	338.84	397.32	17.3%	307.18	371.86	21.1%
Family - 1 Mediprime	1,026.09	1,184.09	15.4%	948.54	1,127.90	18.9%
Family - 2+ Mediprime	781.06	914.03	17.0%	713.99	860.33	20.5%
Aggregate			15.1%			18.7%

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

EMPIRE PLAN
PA 5 TIER GROUP RATES
2002 - 2011 Monthly Rates

	Gross Rate(1)	% Change	Net Rate(2)	% Change	
Individual Planprime					
2002	353.81	8.8%	344.66	9.7%	
2003	400.00	13.1%	384.89	11.7%	
2004	448.00	12.0%	438.15	13.8%	
2005	490.41	9.5%	478.49	9.2%	
2006	547.86	11.7%	529.76	10.7%	
2007	600.69	9.6%	564.84	6.6%	
2008	633.79	5.5%	592.38	4.9%	
2009	630.73	-0.5%	598.58	1.0%	
2010	660.24	4.7%	612.34	2.3%	
2011	Projected (Dept/Buck through 1st Qtr Experience)	719.81	9.0%	688.31	12.4%
Average Percent Increase					
From Inception of 5 Tier Structure (1996)		7.9%		8.3%	
Most Rexcent 10 Years		8.3%		8.2%	
Most Recent 5 Years		5.7%		5.4%	
Family Planprime					
2002	742.98	10.3%	723.97	11.2%	
2003	842.38	13.4%	811.41	12.1%	
2004	945.29	12.2%	924.74	14.0%	
2005	1,038.64	9.9%	1,013.68	9.6%	
2006	1,164.16	12.1%	1,126.19	11.1%	
2007	1,273.96	9.4%	1,198.07	6.4%	
2008	1,346.27	5.7%	1,258.78	5.1%	
2009	1,350.26	0.3%	1,282.17	1.9%	
2010	1,431.43	6.0%	1,330.93	3.8%	
2011	Projected (Dept/Buck through 1st Qtr Experience)	1,561.30	9.1%	1,495.21	12.3%
Average Percent Increase					
From Inception of 5 Tier Structure (1996)		7.6%		8.0%	
Most Rexcent 10 Years		8.8%		8.7%	
Most Recent 5 Years		6.1%		5.9%	
Individual Medprime					
2002	259.96	5.8%	253.82	5.8%	
2003	307.02	18.1%	297.50	17.2%	
2004	341.87	11.4%	334.22	12.3%	
2005	340.50	-0.4%	331.93	-0.7%	
2006	359.35	5.5%	338.88	2.1%	
2007	363.02	1.0%	333.18	-1.7%	
2008	397.23	9.4%	360.41	8.2%	
2009	384.38	-3.2%	359.22	-0.3%	
2010	400.76	4.3%	367.37	2.3%	
2011	Projected (Dept/Buck through 1st Qtr Experience)	449.06	12.1%	422.04	14.9%
Average Percent Increase					
From Inception of 5 Tier Structure (1996)		5.3%		5.8%	
Most Rexcent 10 Years		6.4%		6.0%	
Most Recent 5 Years		4.7%		4.7%	

(1) Represents premiums paid to the carriers.

(2) Represents cost to a participating agency.

(3) Inception of Medprime Rate Structure

EMPIRE PLAN
PA 5 TIER GROUP RATES
2002 - 2011 Monthly Rates

	Gross Rate(1)	% Change	Net Rate(2)	% Change
Family - 1 Medprime				
2002	649.14	9.1%	633.13	9.5%
2003	749.40	15.4%	724.05	14.4%
2004	839.18	12.0%	820.82	13.4%
2005	888.71	5.9%	867.09	5.6%
2006	975.66	9.8%	935.32	7.9%
2007	1,036.30	6.2%	966.44	3.3%
2008	1,109.74	7.1%	1,026.86	6.3%
2009	1,103.90	-0.5%	1,042.81	1.6%
2010	1,171.95	6.2%	1,085.94	4.1%
2011 Projected (Dept/Buck through 1st Qtr Experience)	1,290.56	10.1%	1,228.94	13.2%
<u>Average Percent Increase</u>				
From Inception of 5 Tier Structure (1996)		6.5%		6.9%
Most Recent 10 Years		8.1%		7.9%
Most Recent 5 Years		5.8%		5.7%
Family - 2 or More Medprime				
2002	555.29	7.9%	542.29	7.9%
2003	656.42	18.2%	636.67	17.4%
2004	733.05	11.7%	716.88	12.6%
2005	738.79	0.8%	720.53	0.5%
2006	787.16	6.5%	744.45	3.3%
2007	798.65	1.5%	734.81	-1.3%
2008	873.21	9.3%	794.94	8.2%
2009	857.54	-1.8%	803.45	1.1%
2010	912.48	6.4%	840.98	4.7%
2011 Projected (Dept/Buck through 1st Qtr Experience)	1,019.79	11.8%	962.61	14.5%
<u>Average Percent Increase</u>				
From Inception of 5 Tier Structure (1996)		5.4%		5.9%
Most Recent 10 Years		7.2%		6.9%
Most Recent 5 Years		5.4%		5.4%

(1) Represents premiums paid to the carriers.

(2) Represents cost to a participating agency.

(3) Inception of Medprime Rate Structure

**EMPIRE PLAN
PA 2 TIER GROUP RATES
2002 - 2011 Monthly Rates
(For Illustrative Purposes Only)**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
Individual				
2002	313.58	8.4%	305.67	9.1%
2003	357.44	14.0%	345.36	13.0%
2004	402.70	12.7%	394.31	14.2%
2005	433.70	7.7%	423.31	7.4%
2006	477.33	10.1%	459.25	8.5%
2007	511.23	7.1%	477.96	4.1%
2008	536.84	5.0%	498.88	4.4%
2009	527.09	-1.8%	497.91	-0.2%
2010	557.46	5.8%	515.75	3.6%
2011	Projected (Dept./Buck Consultants) 620.44	11.3%	591.86	14.8%
<u>Average Percent Increase</u>				
From Inception (1986)		7.7%		7.7%
Most Recent 10 Years		8.0%		7.9%
Most Recent 5 Years		5.5%		5.3%
Family				
2002	703.61	9.8%	685.83	10.7%
2003	805.64	14.5%	778.82	13.6%
2004	899.98	11.7%	881.48	13.2%
2005	968.40	7.6%	945.11	7.2%
2006	1,073.28	10.8%	1,034.40	9.4%
2007	1,158.16	7.9%	1,084.90	4.9%
2008	1,233.38	6.5%	1,150.41	6.0%
2009	1,230.02	-0.3%	1,165.24	1.3%
2010	1,297.06	5.5%	1,203.56	3.3%
2011	Projected (Dept./Buck Consultants) 1,415.70	9.1%	1,352.16	12.3%
<u>Average Percent Increase</u>				
From Inception (1986)		8.1%		8.1%
Most Recent 10 Years		8.3%		8.2%
Most Recent 5 Years		5.7%		5.6%

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.



Information for local governments participating in NYSHIP

First Quarter Report - 2010

Dependent Eligibility Verification Project - Update

Activities related to the Dependent Eligibility Verification Project are gradually winding down. The Call Center will continue to operate through the summer as necessary depending on volume of calls. Enrollees may continue to submit their documentation to the Department of Civil Service during this time. Once the Call Center is phased out, enrollees must submit documentation directly to their agency to have eligible dependents reinstated.

In late April and early May, both Blue Cross and United Health Care issued letters to enrollees whose dependents were deleted due to their failure to submit proper documentation, informing them of any claims liability for services that were provided to these ineligible dependents retroactive to February 1, 2009. The health insurance carriers will soon begin to recover payments made on behalf of these dependents from enrollees and providers. The providers may then bill the enrollees for these services.

Federal Health Care Reform

The Employee Benefits Division continues to assess how the Patient Protection and Affordable Care Act that was signed into law on March 23, 2010 will affect NYSHIP. Many details will be provided through the promulgation of regulations. The two provisions of the Act that are likely to have the most immediate impact for NYSHIP Participating Agencies are the:

- Requirement for group health plans to cover adult children through age 26 as a dependent under a parent's coverage – NYSHIP will implement this requirement effective January 1, 2011; based on preliminary regulations an enrollee's natural, adopted and step-children who are not eligible for coverage through their own employment will be eligible under parents' coverage through age 26.
- Federal reinsurance subsidy for certain claims paid by group health plans for "early retirees" and their dependents – EBD is awaiting responses to specific questions presented to HHS; in particular EBD has requested clarification regarding whether NYSHIP Participating Agencies can be included under a single NYSHIP application for the subsidy.

We will share additional information regarding the implications of the Act for NYSHIP Participating Agencies as it becomes available.

Legislation Regarding Health Benefits for Volunteer Firefighters and EMTs

The Employee Benefits Division issued PA Memo 10-11 (PAEX Memo 10-08) on May 26, 2010 to inform PAs that the legislation allowing volunteer firefighters and ambulance workers to participate in NYSHIP takes effect immediately. As indicated in the memo:

- Participating Agencies are permitted to offer NYSHIP coverage to volunteer firefighters and ambulance workers; PAs are not required to do so;
- Volunteers must enroll through a Participating Agency;
- Volunteers who wish to enroll must pay the full premium.

The Employee Benefits Division is preparing guidelines for administering this new provision and will distribute this information as soon as possible.

Child Health Insurance Program Reauthorization Act (CHIPRA)

The Child Health Insurance Program Reauthorization Act requires employers that offer a group health plan that provides premium assistance, to provide a written notice to all employees, whether or not they are enrolled in the group health plan, informing them of potential opportunities for premium assistance in the employee's state of residence. The Employee Benefits Division is reviewing this notification provision under CHIPRA and we will notify PAs of what notification we plan to make to NYSHIP enrollees. Since this is an employer responsibility, PAs will need to ensure that all employees receive the required notification.

United Health Care Class Action Litigation

During April and May 2010, notices were sent to Empire Plan members informing them of a settlement between the American Medical Association and United Health Group related to reimbursement of out-of-network medical services. As indicated in the notice, a court appointed administrator is handling member communications and the claim filing process. Contact information for this administrator, Berdon Claims Administration, LLC, is included in the notice. Additional information about this settlement may be obtained from Berdon or at UnitedUCRSettlement.com, which is a website set up by the class counsel.

Enrollees who are asked for information about membership years should provide the number of years they have been enrolled in the Empire Plan. The United Health Care policy number for the Empire Plan is 30500.

Agency Experience Reports

Agency specific Empire Plan financial experience reports are available from the Employee Benefits Division upon request. These reports are calendar year based and provide aggregate data broken down by Plan component – hospital, medical/surgical, mental health/substance abuse and prescription drugs. To obtain a financial experience report for your agency, you may submit an official written request on agency letterhead indicating the calendar years for which reports are desired. The request may be directed to the Employee Benefits Division - Director's Office.

In recent months, several requests have been received as FOIL requests – it is not necessary to obtain them through the FOIL process. They are available as described above.

GASB 45

As indicated in previous reports, the 2009 Buck Consultants report “Development of Recommended Actuarial Assumptions for New York State/SUNY GASB Valuation – Participating Agency Version” is available online at: http://www.cs.state.ny.us/gasb_pa/2008_NYS_GASB_45_Participating_Agencies.pdf. NYSHIP will provide agency census reports upon request for use in complying with the provisions of GASB 45. Since the data included in these reports will be current at the time they are provided, it is important that your agency NYBEAS file is up-to-date, including correctly identifying and coding retirees before requesting census reports. To request a copy of your agency’s census information, please send an e-mail to: Kevin.Hill@cs.state.ny.us and include your name, agency name & code number, mailing address, phone number and e-mail address. For additional information about GASB 45, please refer to PA Memos 06-11 and 06-18.

Prompt Payment of NYSHIP Premium

As indicated in previous reports, the Employee Benefits Division has been aggressively monitoring agencies that fail to submit premium payments in a timely manner. This procedure includes suspension of claims for enrollees of any agency that falls three months behind in their premiums. To avoid disruption of your employees’ benefits, please be sure to submit your premium payments by the due date, as we must submit premium to the Empire Plan insurers on time. You may wish to consider submitting your payments electronically to promote timely payments. Attached are guidelines to initiate electronic transfer of funds.

Availability of Reports Electronically

The Empire Plan Experience Reports are available through the following direct link to our website: <http://www.cs.state.ny.us/ebd/ebdonlinecenter/pamarket/qer.cfm>.

CEO & HBA Name and Address Changes

Please be sure to notify EBD of any changes in the names and/or addresses (including e-mail address) of your agency’s CEO or HBA, so that we keep our mailing lists up-to-date. This updated information should be sent to:

Debbie D’Orazio
NYS Department of Civil Service
Employee Benefits Division – Rm. 529
Alfred E. Smith State Office Building
Albany, NY 12239
or e-mail: Deborah.D'Orazio@cs.state.ny.us