



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](http://www.cs.state.ny.us)

NANCY G. GROENWEGEN  
COMMISSIONER

PA 10-30  
PA EX 10-26

To: Participating Agency Health Benefit Administrators  
From: Robert W. DuBois, Director of the Employee Benefits Division  
Subject: Empire Plan Quarterly Experience Report  
Date: September 24, 2010

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

Enclosures



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NANCY G. GROENWEGEN  
COMMISSIONER

September 24, 2010

Dear Chief Executive Officer:

Attached is the Empire Plan Second Quarter Experience Report for 2010. This report presents the projected 2010 Empire Plan experience, based on claims paid through June 30, 2010, and the projected 2011 premium rates.

For the 2010 Plan Year, the Empire Plan carriers project a net loss of \$34 million, .6% 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 of \$290 million, which is \$120 million less than the amount applied to the 2010 rates. Based on Plan experience through the second quarter, the insurer driven "best estimate" projected net premium increases are 16.9% in aggregate for The Empire Plan and 16.2% in aggregate for The Excelsior Plan. However, each of the carriers submitted rate renewal proposals earlier this month which the Department and its actuarial consultant, Buck Consultants, are in the process of analyzing. Based on emerging experience combined with the expected impact of mandated benefit changes, the submitted carrier rate demands result in a higher projected premium increase than the information reflected in the second quarter report. At this point in the rate renewal analysis, Buck Consultants projects the carrier premium requirements would result in a 14.5% increase for Participating Agencies; approximately 1% greater than the increase Buck projected in the first quarter report.

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 are underway; 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, it is important to recognize that given the application of substantial dividend to the 2009 and 2010 rates coupled with the relatively low earned 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. Other factors that will affect the Department's ability to achieve rate concessions from the carriers are the uncertainties related to Federal health care reform and the fact that 2011 is the final year of the Empire Plan Prescription Drug Program contract. 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 Second Quarter  
Experience Report**

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

# **EMPIRE PLAN EXPERIENCE REPORT**

**SECOND QUARTER  
(April – June 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**

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- Projected 2011 Premium Rates . . . . . Page 2

## **EXHIBITS**

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

- *NYSHIP News*

**NEW YORK STATE HEALTH INSURANCE PROGRAM  
PARTICIPATING AGENCY GROUP  
EMPIRE PLAN EXPERIENCE REPORT  
2nd QUARTER REPORT**

**PROJECTED 2010 EMPIRE PLAN EXPERIENCE**

The Empire Plan carriers project that the 2010 premiums, which included no margin, will generate a composite loss of \$34 million (.6% of premium). The 2010 annual experience projected by the insurance carriers is reported in Exhibit I.

This projection is based on only six 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:

	<b>% of Paid Claims to Projected Incurred Claims</b>		<b>Projected 2010 Trend</b>	
	<b>2009</b>	<b>2010</b>	<b>@ Final Renewal</b>	<b>@ 2nd Quarter</b>
Blue Cross Hospital	98.8%	38.2%	11.8%	10.7%
UHC Medical	99.2%	40.2%	8.0%	5.7%
UHC MHSA	95.7%	32.4%	6.8%	1.7%
UHC Rx	99.9%	47.6%	9.9%	7.8%

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

	<b>Margin</b>	<b>2010 Projected Dividend/(Loss)</b>	<b>Increase/(Decrease) over margin</b>
Blue Cross Hospital	\$0	(\$47,649,000)	(\$47,649,000)
UHC Medical	\$0	\$3,977,000	\$3,977,000
UHC MHSA	\$0	\$8,490,000	\$8,490,000
UHC Rx	\$0	\$1,135,000	\$1,135,000
<b>Total</b>	<b>\$0</b>	<b>(\$34,047,000)</b>	<b>(\$34,047,000)</b>

The NYSHIP Dependent Eligibility Verification Project has affected the premium amounts paid to the carriers throughout the year because a significant number of dependent deletions resulted in changes from family to individual coverage which later were changed back to family coverage when proof of coverage was provided and dependents were reinstated. The number of dependent reinstatements and the resulting changes from individual back to family coverage has subsided resulting in the ability to project, with a greater degree of accuracy, the remaining premium amounts to be paid over the balance of the plan year. As a result, the projected 2010 loss is primarily attributable to two factors. First, premium is approximately \$100 million lower than the amount expected during the rate development due to the reduction in premium retroactive to February 1, 2009 resulting from the termination of ineligible dependents that caused a change from family to individual coverage. This loss was largely offset by an improvement in the projected claims experience for all of the Empire Plan components. Though 2010 trend for the hospital component projected by Blue Cross has decreased from 11.8% to 10.7%, the trend is still greater than the 9.7% amount used in the calculation of the 2010 premium. The 2009 Mental Health and Substance Abuse (MHSA) claims are approximately \$5 million lower than the amount used in the development of the 2010 premium resulting in the an estimated 6.2% surplus in 2010. Any surplus generated by MHSA Program must first be used to offset the 2009 declared loss of \$9 million.

## **2011 PROJECTED PREMIUM RATES**

Empire Plan carrier rate proposals for 2011 were required to be submitted to the Department by September 1<sup>st</sup>. The Department and Buck Consultants have reviewed the proposals and requested additional information from the carriers. Based on this information, 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. Based on its review of the renewal proposals, Buck Consultants has revised its 1<sup>st</sup> quarter projection upward by 1% to arrive at a 14.5% projected increase for Participating Agencies in 2011. This adjustment reflects information included in the renewal proposals regarding increases in the emerging experience trend and the expected impact of mandated benefit changes. The projected increase is further impacted by the reduction to projected dividend application as compared to the 2010 amount. 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. 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.

Exhibit II presents the projected 2011 Empire Plan gross and net premium rates, as projected by the insurance carriers in their second quarter reports, assuming the application of \$290.0 million in dividend across all payors. However, these projections are now considered to be outdated given the receipt of the actual 2011 premium requests received from the carriers.

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. 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, and the Empire Plan contract procurement schedule. Of particular note is the fact that 2011 is the final year of the Prescription Drug contract which substantially increases the carrier's conservatism in its rate request.
- The ability or lack thereof, to stabilize the premium over time (2011 – 2015).
- The status of the economy, as well as the State and Local Government fiscal climate.

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

**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)	\$ 2,007,694	1,784,676	248,562	249,610	2,282,848	128,132	4,613	4,144	136,890	\$ 1,508,695	5,936,127
B Incurred Claims (2)	1,901,731	1,609,428	227,920	216,857	2,054,205	101,365	4,264	3,617	109,246	1,424,490	5,489,673
C Administrative Expense (3)	153,612	184,800	20,403	19,463	224,666	17,485	901	768	19,154	83,069	480,501
D Gain/(Loss) (A-B-C)	(47,649)	(9,552)	239	13,290	3,977	9,282	(551)	(240)	8,490	1,135	(34,047)

(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 2nd 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	720.87	9.2%	612.34	689.37	12.6%
Family Plan Prime	1,431.43	1,563.61	9.2%	1,330.93	1,497.52	12.5%
Individual Mediprime	400.76	448.79	12.0%	367.37	421.77	14.8%
Family - 1 Mediprime	1,171.95	1,291.55	10.2%	1,085.94	1,229.93	13.3%
Family - 2+ Mediprime	912.48	1,019.47	11.7%	840.98	962.29	14.4%
<b>Aggregate</b>			<b>9.7%</b>			<b>13.1%</b>

<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	724.94	9.8%	612.34	693.44	13.2%
Family Plan Prime	1,431.43	1,573.25	9.9%	1,330.93	1,507.16	13.2%
Individual Mediprime	400.76	447.09	11.6%	367.37	420.07	14.3%
Family - 1 Mediprime	1,171.95	1,295.41	10.5%	1,085.94	1,233.79	13.6%
Family - 2+ Mediprime	912.48	1,017.58	11.5%	840.98	960.40	14.2%
<b>Aggregate</b>			<b>10.1%</b>			<b>13.6%</b>

<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	743.19	12.6%	612.34	711.69	16.2%
Family Plan Prime	1,431.43	1,612.53	12.7%	1,330.93	1,546.44	16.2%
Individual Mediprime	400.76	465.17	16.1%	367.37	438.15	19.3%
Family - 1 Mediprime	1,171.95	1,334.51	13.9%	1,085.94	1,272.89	17.2%
Family - 2+ Mediprime	912.48	1,056.50	15.8%	840.98	999.32	18.8%
<b>Aggregate</b>			<b>13.2%</b>			<b>16.9%</b>

<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	758.25	14.8%	612.34	726.75	18.7%
Family Plan Prime	1,431.43	1,645.06	14.9%	1,330.93	1,578.97	18.6%
Individual Mediprime	400.76	475.92	18.8%	367.37	448.90	22.2%
Family - 1 Mediprime	1,171.95	1,362.74	16.3%	1,085.94	1,301.12	19.8%
Family - 2+ Mediprime	912.48	1,080.41	18.4%	840.98	1,023.23	21.7%
<b>Aggregate</b>			<b>15.5%</b>			<b>19.4%</b>

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

(4) Buck Consultants not required to produce a 2nd Quarter Report; amounts presented based on 1st Quarter projections with updated enrollment.



## 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	641.83	10.0%	541.71	613.88	13.3%
Family Plan Prime	1,271.13	1,397.86	10.0%	1,183.09	1,339.19	13.2%
Individual Mediprime	338.84	380.02	12.2%	307.18	354.56	15.4%
Family - 1 Mediprime	1,026.09	1,136.05	10.7%	948.54	1,079.86	13.8%
Family - 2+ Mediprime	781.06	874.23	11.9%	713.99	820.53	14.9%
<b>Aggregate</b>			<b>10.4%</b>			<b>13.6%</b>

<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	640.37	9.7%	541.71	612.42	13.1%
Family Plan Prime	1,271.13	1,395.15	9.8%	1,183.09	1,336.48	13.0%
Individual Mediprime	338.84	373.68	10.3%	307.18	348.22	13.4%
Family - 1 Mediprime	1,026.09	1,128.46	10.0%	948.54	1,072.27	13.0%
Family - 2+ Mediprime	781.06	861.78	10.3%	713.99	808.08	13.2%
<b>Aggregate</b>			<b>9.8%</b>			<b>13.0%</b>

<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	655.77	12.4%	541.71	627.82	15.9%
Family Plan Prime	1,271.13	1,428.40	12.4%	1,183.09	1,369.73	15.8%
Individual Mediprime	338.84	388.30	14.6%	307.18	362.84	18.1%
Family - 1 Mediprime	1,026.09	1,160.94	13.1%	948.54	1,104.75	16.5%
Family - 2+ Mediprime	781.06	893.48	14.4%	713.99	839.78	17.6%
<b>Aggregate</b>			<b>12.8%</b>			<b>16.2%</b>

<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	668.64	14.6%	541.71	640.69	18.3%
Family Plan Prime	1,271.13	1,456.32	14.6%	1,183.09	1,397.65	18.1%
Individual Mediprime	338.84	397.14	17.2%	307.18	371.68	21.0%
Family - 1 Mediprime	1,026.09	1,184.80	15.5%	948.54	1,128.61	19.0%
Family - 2+ Mediprime	781.06	913.30	16.9%	713.99	859.60	20.4%
<b>Aggregate</b>			<b>15.1%</b>			<b>18.6%</b>

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

(4) Buck Consultants not required to produce a 2nd Quarter Report; amounts presented based on 1st Quarter projections with updated enrollment.

**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	720.87	9.2%	689.37	12.6%
	Projected (Dept./Buck Consultants)			
Average Percent Increase				
From Inception of 5 Tier Structure (1996)		7.9%		8.3%
Most Rexcent 10 Years		8.4%		8.3%
Most Recent 5 Years		5.7%		5.5%
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	1,563.61	9.2%	1,497.52	12.5%
	Projected (Buck Stable Scenario)			
Average Percent Increase				
From Inception of 5 Tier Structure (1996)		7.6%		8.0%
Most Rexcent 10 Years		8.8%		8.8%
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	448.79	12.0%	421.77	14.8%
	Projected (Dept./Buck Consultants)			
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%		4.6%

(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
<b>Family - 1 Medprime</b>				
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 Consultants)	10.2%	1,229.93	13.3%
<b><u>Average Percent Increase</u></b>				
From Inception of 5 Tier Structure (1996)		6.5%		6.9%
Most Rexcent 10 Years		8.1%		7.9%
Most Recent 5 Years		5.8%		5.7%
<b>Family - 2 or More Medprime</b>				
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 Consultants)	11.7%	962.29	14.4%
<b><u>Average Percent Increase</u></b>				
From Inception of 5 Tier Structure (1996)		5.4%		5.9%
Most Rexcent 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
<b>Individual</b>				
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 <b>Projected (Dept./Buck Consultants)</b>	620.44	11.3%	591.86	14.8%
<b><u>Average Percent Increase</u></b>				
From Inception (1986)		7.7%		7.7%
Most Recent 10 Years		8.0%		7.9%
Most Recent 5 Years		5.5%		5.3%
<b>Family</b>				
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 <b>Projected (Dept./Buck Consultants)</b>	1,415.70	9.1%	1,352.16	12.3%
<b><u>Average Percent Increase</u></b>				
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.

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**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. As indicated in the previous report, the two provisions of the Act that have the most immediate impact for NYSHIP Participating Agencies are the:

- Requirement for group health plans to cover adult children to age 26 as a dependent under a parent's coverage – NYSHIP will implement this requirement effective January 1, 2011; enrollment plans, procedures and timeframe will be issued shortly.
- Early Retiree Reinsurance Program (ERRP), the Federal reinsurance subsidy for certain claims paid by group health plans for "early retirees" and their dependents – EBD submitted an application to the US Department of Health and Human Services as the Plan Sponsor of a multi-employer plan on behalf of all Participating Agencies and Participating Employers; EBD has been notified that our application has been accepted and is awaiting specific instructions regarding the submission of claims data. As indicated previously, reimbursement received from ERRP will be used to reduce premium costs for all who contribute to the costs of NYSHIP.

We will discuss in detail Federal Health Care Reform at the upcoming PA Regional meetings and will continue to share additional information regarding the implications of the Act for NYSHIP Participating Agencies as it becomes available.

**PA Regional Meetings**

The fall 2010 meetings were announced in PA Memo 10-25 (PAEX10-21) and are scheduled as follows:

- Tuesday, September 28<sup>th</sup> Saratoga
- Wednesday, October 6<sup>th</sup> Suffern (Rockland County)
- Thursday, October 7<sup>th</sup> Long Island

We look forward to seeing you at one of these meetings.

**NYSHIP Coverage for Volunteer Firefighters and Ambulance Workers**

The Employee Benefits Division issued PA Memo 10-29 (PAEX Memo 10-25) dated September 1, 2010 to summarize the provisions of Chapter 71 of the Laws of 2010 which amend Civil Service Law to extend NYSHIP eligibility to active members of volunteer fire and ambulance companies and to provide guidelines to PAs for administering this new legislation. As indicated in the memo, a PA is permitted, not required, to provide coverage. Agencies that elect to provide coverage are requested to submit the form, "Notice of Election to Extend NYSHIP Coverage to Volunteer Firefighters and/or Ambulance Workers", which was included with the PA Memo.

### **Dependent Eligibility Verification Project – Wrap-Up**

As indicated in PA Memo 10-27 (PAEX10-22), dated August 23, 2010, the toll free telephone line established for the Dependent Eligibility Verification Project was discontinued in late August; effective August 28<sup>th</sup> enrollees requesting reinstatement of dependents removed during the project are being instructed to contact their agency Health Benefits Administrator. Reinstatement procedures are included in this HBA Memo. The Employee Benefits Division also issued PA Memo 10-15 (PAEX10-11) dated June 22, 2010, with NYSHIP's revised policy on dependent proofs, including the types of acceptable documentation, which is consistent with the proofs that were required for the Dependent Eligibility Project.

### **United Health Care Class Action Litigation**

As indicated in the previous report, 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 received between March 15, 1994 and November 18, 2009. As a result of recent publicity regarding this settlement, PAs may be receiving questions about it. This nationwide settlement agreement resolves class action litigation filed on behalf of the AMA, health plan members, health care providers and state medical societies concerning UHC's reimbursement of out-of-network services. All questions should be directed to Berdon Claims Administration, LLC, which is responsible for administering the settlement; neither UHC nor EBD can provide guidance to enrollees. For complete information regarding the settlement, please advise enrollees to visit their website at [www.berdonclaims.com](http://www.berdonclaims.com); claim forms and instructions are provided on that site. Enrollees may also call Berdon at (800) 443-1073.

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.

### **NYSHIP Bank Change**

As the result of a competitive procurement, beginning in October NYSHIP will be using Wells Fargo Bank for banking services. The Division has provided agencies that submit payments electronically with the new payment information. New payment information also will be provided with the billing statement you receive in October. Please update your records to ensure that your NYSHIP payments are submitted to the correct address.

### **Agency E-mail Addresses and Contact Information**

The Employee Benefits Division issued PA Memo 10-20 (PAEX10-16), dated June 28, 2010, requesting current e-mail addresses and contact information from PAs to enable us to communicate with agency representatives more quickly and efficiently about important program developments. The response from PAs has been excellent – if you have not already submitted the information, please do so as soon as possible, as we plan to begin corresponding with PAs via e-mail in the very near future.

**Agency Experience Reports**

As indicated in the previous report, 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](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](mailto: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](mailto:Deborah.D'Orazio@cs.state.ny.us)**