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PA 11-12
PA EX 11-09

To: Participating Agency Health Benefit Administrators

From: Robert W. DuBois, Director of the Employee Benefits Division

Subject: Empire Plan Quarterly Experience Report

Date: May 31, 2011

Enclosed are the First Quarter Empire Plan Experience Report for 2011 and the cover letter to the Chief Executive Officers. This report presents the actual 2010 Empire Plan experience, the projected 2011 Empire Plan experience and the projected 2012 premium rates.

Enclosures



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May 31, 2011

Dear Chief Executive Officer:

Attached is the Empire Plan First Quarter Experience Report for 2011. This report presents the actual 2010 Empire Plan experience, the projected 2011 Empire Plan experience, based on claims paid through March 31, 2011, and the projected 2012 premium rates.

For the 2010 Plan Year, the Empire Plan carriers declared a surplus of \$175.3 million, 2.9% of premium. This amount will be used to offset future premium increases. For the 2011 Plan Year, the Empire Plan carriers project a net loss of \$54.0 million, 0.8% 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 2012 premium rates projected by both the Department and the Empire Plan carriers. These projections include a tentative dividend application amount of \$177 million, \$193 million less than the amount loaded in the 2011 rates, as well as a tentative \$48.6 million credit for monies received from the Early Retirement Reinsurance Program (ERRP). ERRP was established by the Affordable Care Act and is a temporary Federal program which became effective June 1, 2010 and ends no later than January 1, 2014. ERRP provides reimbursement to employer and union sponsors of participating employment-based plans for a portion of the cost of health benefits for early retirees and their spouses, surviving spouses, and dependents. The Department filed an application for the ERRP subsidy on behalf of all NYSHIP participants. ERRP subsidies received by NYSHIP will be credited to all payors, as is done with earned dividends and earned interest.

The insurer driven "best estimate" projected net premium increases for 2012 are 19.5% in aggregate for The Empire Plan and 18.5% in aggregate for The Excelsior Plan. The Department projects 2012 net premium increases of 13.3% and 13.4% for The Empire Plan and The Excelsior Plan, respectively, using the dividend and ERRP application assumptions presented above.

Given the fiscal challenges that the State and its localities continue to face, our goal is to develop 2012 NYSHIP rates that are as low as possible. The rate development and carrier negotiations will begin in September 2011. We intend to aggressively negotiate each premium element and include both retrospective premium agreements with the carriers and the application of dividend and ERRP monies to the rates to accomplish this goal. However, it is important to recognize that given the application of substantial dividend amounts to the 2009, 2010 and 2011 rates coupled with the relatively low earned dividend for 2009 and 2010, the dividend available to apply to the 2012 premium rates is more limited. Therefore, the percentage increase in the 2012 net premium is expected to be higher than the increases in recent Plan trend. Please be assured that we will consider every possible option for achieving as low a rate of increase as possible for 2012 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
2011 First Quarter
Experience Report

Prepared by the State of New York
Department of Civil Service

EMPIRE PLAN EXPERIENCE REPORT

**FIRST QUARTER
(January – March 2011)**

**Produced for
PARTICIPATING AGENCIES IN THE
NEW YORK STATE
HEALTH INSURANCE PROGRAM**

**by
the Employee Benefits Division
New York State Department of Civil Service**

- 2010 Empire Plan Experience Pages 1-2
- Projected 2011 Empire Plan Experience Pages 2-3
- Projected 2012 Premium Rates Pages 3-4

EXHIBITS

- I.** Actual 2011 Empire Plan Experience
 - II.** Projected 2011 Empire Plan Experience
 - III.** Projected 2012 PA Premium Rates
 - III.** Empire Plan PA 5-Tier Group Rates (2003-2012)
 - IV.** Empire Plan PA 2-Tier Group Rates (2003-2012)
-
- *NYSHIP News*

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

ACTUAL 2010 EMPIRE PLAN EXPERIENCE

The Empire Plan carriers declared a composite surplus of 175.3 million (2.3% of premium). The 2010 annual experience declared by the insurance carriers is reported in Exhibit I. This 2010 settlement represents a \$135.0 million increase over the dividend projected during the 2011 Rate Renewal and a \$49.0 million increase over the dividend projected based on twelve months of paid claim data (as reported in the carriers' 2010 4th Quarter Experience Statements).

The following chart presents the percentage of the projected incurred claims actually paid as well as the most recent projected 2010 trend as compared to the trend assumed during the 2010 premium rate development:

	% of Paid Claims to <u>Projected Incurred Claims</u>		<u>Projected 2010 Trend</u>	
	<u>2009</u>	<u>2010</u>	<u>@ Final Renewal</u>	<u>@ 2011 1st Quarter</u>
Blue Cross Hospital	99.7%	94.8%	11.8%	7.9%
UHC Medical	100.0%	96.9%	8.0%	4.6%
UHC MHSA	99.7%	91.2%	6.8%	1.3%
UHC Rx	100.0%	99.8%	9.9%	7.2%

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

	Margin	2010 Dividend/(Loss)	Increase/(Decrease) over margin
Blue Cross Hospital	\$0	\$25,250,000	\$25,250,000
UHC Medical	\$0	\$99,552,000	\$99,552,000
UHC MHSA	\$0	\$8,719,000	\$8,719,000
UHC Rx	\$0	\$41,735,000	\$41,735,000
Total	\$0	\$175,256,000	\$175,256,000

The NYSHIP Dependent Eligibility Verification Project affected the premium amounts paid to the carriers during 2010 due to a significant number of dependent deletions that resulted in changes from family to individual coverage retroactive to February 1, 2009. If proof of coverage was eventually provided, dependents were retroactively reinstated under family coverage. As a result, the premium paid during 2010 was approximately \$60 million less than the amount anticipated during the 2010 rate renewal. The lower paid premium amounts negatively affected the generation of dividends for 2010. However, the 2010 claims experience for all of the Empire Plan components was considerably lower than the level anticipated, resulting in the moderate dividend declaration. The majority (\$132 million) of the improved claims experience is reflective of a lower 2010 trend (6.5% vs. 9.4%) compared to the levels assumed in the development of the 2010 premium rates. Other significant components of the improved experience include the reduction in the 2009 claim base (\$41 million), improved 2009 claim run-out (\$47 million) and greater pharma revenue (\$30 million). In addition to the reduction in premium as detailed above, the improved experience also was offset by a \$40 million reduction in the 2010 premium paid for the hospital program. During rate negotiations between the Department and BlueCross regarding the 2010 trend assumption, the lower premium amount was agreed to by BlueCross in exchange for a retrospective premium agreement of an equal amount. As BlueCross ultimately declared a dividend (gain) for 2010, a retrospective premium payment is unnecessary.

The \$8.7 million surplus for the Mental Health and Substance Abuse Program was generated from a 2009 claim base that was approximately \$5 million lower than the amount used in the development of the 2010 premium. In addition, the resulting 2010 trend of approximately 1% was considerably less than the estimated 7% trend assumed in the premium development. The surplus generated by the MHSA Program must first be used to offset the 2009 loss of \$9.2 million thereby reducing the projected payable dividend to \$166 million.

PROJECTED 2011 EMPIRE PLAN EXPERIENCE

The Empire Plan carriers project that the 2011 premiums, which included no margin, will generate a composite loss of \$54 million (0.8% of premium). The 2011 annual experience projected by the insurance carriers is reported in Exhibit II.

This projection is based on only three months of 2011 paid claim data. The following chart presents the percentage of the projected incurred claims actually paid as well as the most recent projected 2011 trend as compared to the trend assumed during the 2011 premium rate development:

	% of Paid Claims to <u>Projected Incurred Claims</u>		<u>Projected 2011 Trend</u>	
	<u>2010</u>	<u>2011</u>	<u>@ Final Renewal</u>	<u>@ 2011 1st Quarter</u>
Blue Cross Hospital	98.1%	14.1%	11.9%	12.4%
UHC Medical	98.8%	16.1%	8.7%	9.0%
UHC MHSA	95.9%	12.8%	8.0%	10.3%
UHC Rx	99.9%	19.6%	11.8%	12.4%

The 2011 projected dividend for each carrier as compared to the margin level used in the 2011 premium development is as follows:

	Margin	2010 Projected Dividend/(Loss)	Increase/(Decrease) over margin
Blue Cross Hospital	\$0	(\$15,407,000)	\$15,407,000
UHC Medical	\$0	(\$13,611,000)	(\$13,611,000)
UHC MHSA	\$0	(\$9,965,000)	(\$9,965,000)
UHC Rx	\$0	(\$15,057,000)	(\$15,057,000)
Total	\$0	(\$54,040,000)	(\$54,040,000)

While the 2010 projected plan experience generally improved since the 2011 premium rates were developed and implemented, each carrier is continuing to project a loss for 2011. These projected losses are a combination of a projected uptick in the projected 2011 trend over the amounts used to develop the premium along with an assumed shift of individual contracts to family contracts due to the expansion of coverage for dependents to age 26. The latter has not materialized to the degree anticipated by some of the carriers resulting in a shortfall of premium. Historically, carrier experience projections improve as more claims are paid throughout the year. While the degree of experience improvement has varied over the years, at this time we are comfortable that 2011 experience will generate a modest dividend as opposed to the net loss projected by the carriers.

2012 PROJECTED PREMIUM RATES

Empire Plan carrier rate proposals for 2012 are required to be submitted to the Department by September 1st. 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 dividends as well as Early Retirement Reinsurance Program (ERRP) subsidies to lower the Plan's net premiums. Our goal is to achieve the lowest rates possible for 2012 while maintaining rate stability for the coming years. Taking these rate factors into account, the Department's best estimate of the projected 2012 net premium increases, as presented in Exhibit III, are 13.3% and 13.4% for the Empire Plan and the Excelsior Plan, respectively. Future quarterly reports will reflect updates to these estimates as 2011 experience is incurred and analyzed.

The Department's estimates along with the insurance carriers' 2012 premium estimates assume the application of \$177 million in dividend across all payors. In addition, the estimates assume the application of \$48.6 million in ERRP subsidies. The difference between the Department estimates and carrier "best estimates" is primarily attributable to the removal of margin from the carrier rates that included margin. The actual amount of dividend/ERRP credits to be applied in the 2012 premium rates will be determined in October 2011 based on a number of factors including, but not limited to, the following:

- The final results of premium negotiations with the carriers which include projections of the incurred 2011 experience as well as estimates of the 2012 trend, both of which are affected by the Federal health care legislation and, possibly, future NYS legislation. Of particular note is the fact that 2011 is the final year of the Prescription Drug Contract and it is unknown how changes in contract terms and/or contractors may affect 2012 rates for that very significant component of the Plan.
- The impact of collective bargaining on the Plan's benefit design.
- The ability, or lack thereof, to stabilize the premium over time (2012 – 2016).
- The status of the economy, as well as the State and Local Government fiscal climate.

Exhibit IV presents The Empire Plan individual and family 5-tier billing rate history since 2003. Exhibit V presents, for illustrative purposes only, the 2-tier rate history from 2003 to 2012.



Information for local governments participating in NYSHIP

First Quarter Report - 2011

Automation of the Reconciliation Listing and DEAS Completion

On May 2, the Employee Benefits Division issued Memo PA11-08/PAEX11-05, which notified Participating Agency Health Benefits Administrators (HBAs) of the automation of the process to generate the reconciliation listing that was previously sent to agencies on a quarterly basis. HBAs now have the ability to run/print the reconciliation listing at any time. Detailed instructions on the procedure to run the reconciliation listing, as well as directions on how to reconcile the listing with the monthly billing statement, were provided to HBAs.

In order to facilitate movement to the automated process, it is now **mandatory** that all agencies have access to the New York State Benefits Eligibility and Accounting System (NYBEAS) and HBA Online. Agencies that currently do not have access were contacted and provided instructions for gaining access.

On May 2, the Employee Benefits Division also issued Memo PA11-10/PAEX11-07, which advised agencies of the completion of the Dependent Eligibility Verification Project (DEAS). Dependents determined eligible in accordance with Memo PA10-15/PAEX10-11 will be entitled to coverage on a current basis. HBAs are responsible to review the current documentation before enrolling a dependent, regardless of whether the dependent was previously covered under NYSHIP.

Participating Agencies have an obligation under Section 73.4(a)(3) of the President's Regulations to maintain up-to-date enrollment records and benefits eligibility information for all enrollees covered under NYSHIP. To ensure compliance with this requirement, it is necessary that agencies conduct periodic reconciliation, at a minimum on a quarterly basis, of agency enrollment records. Additionally, we recommend periodic reconciliation of NYSHIP enrollment records by an agency officer other than the HBA on a frequency of no less than once per year. This will strengthen internal controls and help to ensure maintenance of up-to-date records. The Employee Benefits Division will continue to enforce the six-month retroactive limitation on premium refunds and transaction processing that is currently in place. For more information on retroactive limitations see Policy Memo 140, issued June 29, 2010.

2011 Participating Agency Self-Audit

It has been over three years since the last Participating Agency Self-Audit was conducted. On May 18, the Division issued Memo PA11-03/PAEX11-01, which notified PA CEOs, with a copy to PA HBAs, of the release of the 2011 Self-Audit. Agencies must ensure that the Self-Audit is completed by **June 13, 2011**. The format of the Self-Audit has been streamlined to simplify the process for completing the audit and improve the quality of information received by the Employee Benefits Division. We strongly encourage agencies to complete the Self-Audit online. It can be accessed at <http://www.cs.state.ny.us/paaudit/index.cfm>. If a PA does not complete the Self-Audit, the Employee Benefits Division may conduct an on-site audit of an agency's records.

2011 Participating Agency Regional Meeting Schedule

Please save the date for this year's NYSHIP PA Regional Meetings. Registration information and the agenda will be sent in late summer.

October 4, 2011

Holiday Inn Saratoga Springs Hotel
232 Broadway
Saratoga Springs, NY 12866

October 5, 2011

Crowne Plaza Hotel Suffern
3 Executive Boulevard
Suffern, NY 10901

October 6, 2011

Hyatt Regency Long Island
1717 Motor Parkway
Hauppauge, NY 11788

Federal Health Care Reform

- **Early Retiree Reinsurance Program (ERRP):** This temporary program, which will end January 1, 2014 or sooner if funding is exhausted, is intended to encourage employers to continue to provide coverage to retired employees who are not yet eligible for Medicare coverage by reimbursing 80% of the cost of claims greater than \$15,000 and less than \$90,000. On March 31, the Department filed its second claim for reimbursement under this program. The request was approved by HHS on April 21, and we are awaiting the \$40.5 million payment, which will be deposited into the Health Insurance Fund. The proceeds of the reinsurance program are being used in the same manner as plan dividend to help offset future premium increases for all plan participants.
- **W-2 Health Cost Reporting:** The Patient Protection and Affordable Care Act (PPACA) amended the Internal Revenue Code (Code) to require employers to report the aggregate cost of employer-sponsored group health plan coverage on Form W-2 for taxable years beginning on or after January 1, 2011. The IRS has issued Notice 2011-28 [<http://www.irs.gov/pub/irs-drop/n-11-28.pdf>], which provides interim guidance for the reporting requirement. The Notice generally delays reporting of health costs on any W-2 Form until forms are generated for the 2012 tax year. Employers will not be required to report on those individuals for whom there is no obligation to issue a W-2, such as retirees or COBRA enrollees. The Code requires the employer to determine the aggregate cost under rules similar to those for determining the applicable premium for COBRA continuation coverage. Additional information regarding this requirement can be found in IRS Notice 2010-26 [<http://www.irs.gov/pub/irs-drop/n-2010-69.pdf>].
- **Community Transformation Grants (CTGs):** CTGs are authorized under PPACA for state and local government agencies, and provide support for the implementation, evaluation and dissemination of the evidence-based community preventive health activities to reduce chronic

disease rates, prevent the development of secondary conditions, address health disparities and develop a stronger evidence base for effective prevention programming. Funding is available to support evidence and practice-based community and clinical prevention and wellness strategies that will lead to specific, measurable health outcomes to reduce chronic disease rates. The deadline for submitting a Letter of Intent (LOI) is **June 6, 2011**. More information is available on the Centers for Disease Control and Prevention website [<http://www.cdc.gov/communitytransformation>].

- **Repeal of 1099 Reporting Requirement:** On April 14, President Obama signed a law that repealed the expanded 1099 reporting requirement that was contained within the Affordable Care Act (ACA). The provision would have required businesses to issue Form 1099s for all purchases of goods and services over \$600 annually. It was a revenue generating measure that was estimated to raise \$18 billion per year; however, the cost to businesses was estimated to be \$22 billion per year. Its purpose was to partially fund Healthcare Reform provisions. To pay for the repeal, recoupment will be made through aggressive recoveries from those who receive health insurance subsidies for coverage acquired through the Exchanges, but exceed their estimated income level during the year.
- **Health Care Voucher Program Repeal:** On April 15, President Obama signed a law that repealed the PPACA provision requiring employers that offer health coverage and pay a portion of the cost of the coverage to provide certain qualified employees with a voucher that they could use to purchase coverage through a state health insurance exchange.

Employee Benefits Division staff continues to review and monitor updates and clarifications related to Federal Healthcare Reform and its numerous provisions which NYSHIP will be required to implement in the future. We will continue to provide information as it becomes available.

NYSHIP Coverage for Volunteer Firefighters and Ambulance Workers

To date, 38 PAs have elected to extend coverage to qualified members of 177 volunteer fire and ambulance companies. For information on this coverage, refer to Memo PA10-29/PAEX10-25, issued September 1, 2010, which summarizes the provisions of Chapter 71 of the Laws of 2010 which amended 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, an agency is permitted, but not required, to provide coverage. PAs that elect to provide coverage are required 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.

Agency Experience Reports

Agency specific Empire Plan and Excelsior 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 drug. To obtain a financial experience report, PAs 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 Assumptions Report and Census Data

The 2011 Buck Consultants report *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB Valuation – Participating Agency Version* is now available online at: http://www.cs.state.ny.us/gasb_pa/2011PAAssumptionsReport.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 an agency's NYBEAS file is up-to-date, including correctly identifying and coding retirees before requesting census data. Requests for census data can be e-mailed to: Kevin.Hill@cs.state.ny.us. Please include your name, agency name, five digit agency code, phone number and e-mail address. For additional information about GASB 45, please refer to Memos PA06-11 and PA06-18.

Prompt Payment of NYSHIP Premium

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 premium. To avoid disruption of NYSHIP coverage, agencies must ensure submission of premium payments by the due date, as we must submit premium to the NYSHIP insurers on time. Agencies may wish to consider submitting 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, CFO & HBA Name & Address Changes

Agencies must notify the Employee Benefits Division of any changes in the names and/or addresses (including e-mail addresses) of agency CEOs, CFOs and/or HBAs to ensure that our mailing and contact lists are up-to-date. Any updates should be e-mailed to Deborah.DOrazio@cs.state.ny.us.

2010 FINAL EMPIRE PLAN EXPERIENCE

In (000's)

	EMPIRE BLUE CROSS	UNITED HEALTHCARE MEDICAL				UHC MHSA				UHC DRUG	TOTAL
		Core	Enhancement	Enhancement	Combined	Core	Enhancement	Enhancement	Combined		
A Premium (1)	2,011,603	1,791,567	249,064	251,092	2,291,723	128,924	4,628	4,174	137,726	1,513,186	5,954,238
B Incurred Claims (2)	1,833,879	1,541,470	219,477	212,112	1,973,059	98,368	5,748	5,216	109,332	1,387,774	5,304,044
C Administrative Expense (3)	152,474	179,213	20,280	19,619	219,112	17,834	967	874	19,675	83,677	474,938
D Gain/(Loss) (A-B-C)	25,250	70,884	9,307	19,361	99,552	12,722	(2,087)	(1,916)	8,719	41,735	175,256

(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 Annual Experience Statements

2011 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)	2,279,446	1,970,805	287,748	287,340	2,545,893	130,484	4,962	4,287	139,733	1,777,777	6,742,849
B Incurred Claims (2)	2,132,913	1,824,929	241,345	252,425	2,318,699	115,345	6,755	7,436	129,536	1,697,771	6,278,919
C Administrative Expense (3)	161,940	198,486	20,774	21,545	240,805	17,995	1,044	1,123	20,162	95,063	517,970
D Gain/(Loss) (A-B-C)	(15,407)	(52,610)	25,629	13,370	(13,611)	(2,856)	(2,837)	(4,272)	(9,965)	(15,057)	(54,040)

(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 2011 1st Quarter Experience Reports

2012 Premium Projections

Empire Plan

<u>Department Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	734.00	804.21	9.6%	693.92	784.60	13.1%
Family Plan Prime	1,598.49	1,751.54	9.6%	1,513.92	1,710.05	13.0%
Individual Mediprime	446.90	493.60	10.4%	405.64	481.03	18.6%
Family - 1 Mediprime	1,311.39	1,440.92	9.9%	1,225.62	1,406.44	14.8%
Family - 2+ Mediprime	1,024.28	1,130.30	10.4%	937.31	1,102.86	17.7%
Aggregate			9.8%			13.3%

<u>Carrier Optimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	734.00	820.97	11.8%	693.92	801.36	15.5%
Family Plan Prime	1,598.49	1,787.37	11.8%	1,513.92	1,745.88	15.3%
Individual Mediprime	446.90	512.31	14.6%	405.64	499.74	23.2%
Family - 1 Mediprime	1,311.39	1,478.73	12.8%	1,225.62	1,444.25	17.8%
Family - 2+ Mediprime	1,024.28	1,170.08	14.2%	937.31	1,142.64	21.9%
Aggregate			12.4%			16.1%

<u>Carrier Best Estimate Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	734.00	841.81	14.7%	693.92	822.20	18.5%
Family Plan Prime	1,598.49	1,832.42	14.6%	1,513.92	1,790.93	18.3%
Individual Mediprime	446.90	533.47	19.4%	405.64	520.90	28.4%
Family - 1 Mediprime	1,311.39	1,524.09	16.2%	1,225.62	1,489.61	21.5%
Family - 2+ Mediprime	1,024.28	1,215.76	18.7%	937.31	1,188.32	26.8%
Aggregate			15.6%			19.5%

<u>Carrier Pessimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	734.00	859.24	17.1%	693.92	839.63	21.0%
Family Plan Prime	1,598.49	1,870.30	17.0%	1,513.92	1,828.81	20.8%
Individual Mediprime	446.90	545.98	22.2%	405.64	533.41	31.5%
Family - 1 Mediprime	1,311.39	1,557.04	18.7%	1,225.62	1,522.56	24.2%
Family - 2+ Mediprime	1,024.28	1,243.78	21.4%	937.31	1,216.34	29.8%
Aggregate			18.1%			22.1%

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

2012 Premium Projections

Excelsior Plan

<u>Department Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	647.47	711.19	9.8%	613.90	695.28	13.3%
Family Plan Prime	1,417.28	1,556.72	9.8%	1,346.35	1,522.86	13.1%
Individual Mediprime	381.00	421.29	10.6%	344.73	411.10	19.3%
Family - 1 Mediprime	1,150.80	1,266.82	10.1%	1,077.16	1,238.68	15.0%
Family - 2+ Mediprime	884.31	976.93	10.5%	807.97	954.53	18.1%
Aggregate			9.8%			13.4%

<u>Carrier Optimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	647.47	723.87	11.8%	613.90	707.96	15.3%
Family Plan Prime	1,417.28	1,584.04	11.8%	1,346.35	1,550.18	15.1%
Individual Mediprime	381.00	431.35	13.2%	344.73	421.16	22.2%
Family - 1 Mediprime	1,150.80	1,291.52	12.2%	1,077.16	1,263.38	17.3%
Family - 2+ Mediprime	884.31	999.02	13.0%	807.97	976.62	20.9%
Aggregate			11.8%			15.3%

<u>Carrier Best Estimate Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	647.47	741.52	14.5%	613.90	725.61	18.2%
Family Plan Prime	1,417.28	1,622.37	14.5%	1,346.35	1,588.51	18.0%
Individual Mediprime	381.00	448.71	17.8%	344.73	438.52	27.2%
Family - 1 Mediprime	1,150.80	1,329.55	15.5%	1,077.16	1,301.41	20.8%
Family - 2+ Mediprime	884.31	1,036.75	17.2%	807.97	1,014.35	25.5%
Aggregate			14.6%			18.5%

<u>Carrier Pessimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>	<u>2011</u>	<u>2012 (3)</u>	<u>% Change</u>
Individual Plan Prime	647.47	756.50	16.8%	613.90	740.59	20.6%
Family Plan Prime	1,417.28	1,655.06	16.8%	1,346.35	1,621.20	20.4%
Individual Mediprime	381.00	459.12	20.5%	344.73	448.93	30.2%
Family - 1 Mediprime	1,150.80	1,357.69	18.0%	1,077.16	1,329.55	23.4%
Family - 2+ Mediprime	884.31	1,060.33	19.9%	807.97	1,037.93	28.5%
Aggregate			16.9%			21.0%

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

**EMPIRE PLAN
PA 5 TIER GROUP RATES
2003 - 2012 Monthly Rates**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
Individual Planprime				
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	734.00	11.2%	693.92	13.3%
2012	804.21	9.6%	784.60	13.1%
	Department Projection			
Average Percent Increase				
From Inception of 5 Tier Structure (1996)		8.1%		8.7%
Most Recent 10 Years		8.6%		8.7%
Most Recent 5 Years		6.1%		6.9%
Family Planprime				
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	1,598.49	11.7%	1,513.92	13.7%
2012	1,751.54	9.6%	1,710.05	13.0%
	Department Projection			
Average Percent Increase				
From Inception of 5 Tier Structure (1996)		7.9%		8.4%
Most Recent 10 Years		9.0%		9.1%
Most Recent 5 Years		6.6%		7.5%
Individual Medprime				
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	446.90	11.5%	405.64	10.4%
2012	493.60	10.4%	481.03	18.6%
	Department Projection			
Average Percent Increase				
From Inception of 5 Tier Structure (1996)		5.6%		6.3%
Most Recent 10 Years		6.8%		6.8%
Most Recent 5 Years		6.5%		7.8%

(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
2003 - 2012 Monthly Rates**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
Family - 1 Medprime				
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	1,311.39	11.9%	1,225.62	12.9%
2012	1,440.92	9.9%	1,406.44	14.8%
Average Percent Increase				
From Inception of 5 Tier Structure (1996)		6.8%		7.3%
Most Recent 10 Years		8.4%		8.4%
Most Recent 5 Years		6.9%		7.9%
Family - 2 or More Medprime				
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	1,024.28	12.3%	937.31	11.5%
2012	1,130.30	10.4%	1,102.86	17.7%
Average Percent Increase				
From Inception of 5 Tier Structure (1996)		5.7%		6.4%
Most Recent 10 Years		7.5%		7.6%
Most Recent 5 Years		7.3%		8.6%

(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
2003 - 2012 Monthly Rates
(For Illustrative Purposes Only)

	Gross Rate(1)	% Change	Net Rate(2)	% Change
Individual				
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	621.78	11.5%	581.69	12.8%
2012 Department Projection	678.93	9.2%	657.13	13.0%
<u>Average Percent Increase</u>				
From Inception (1986)		7.8%		7.8%
Most Recent 10 Years		8.1%		8.1%
Most Recent 5 Years		5.9%		6.7%
Family				
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	1,441.84	11.2%	1,353.97	12.5%
2012 Department Projection	1,585.49	10.0%	1,535.09	13.4%
<u>Average Percent Increase</u>				
From Inception (1986)		8.2%		8.3%
Most Recent 10 Years		8.5%		8.5%
Most Recent 5 Years		6.6%		7.3%

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.