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JERRY BOONE  
COMMISSIONER

PA 13-03  
PA EX 13-03

To: Participating Agency Chief Executive Officers &  
Health Benefit Administrators

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

Subject: Empire Plan Quarterly Experience Report

Date: April 2, 2013

Enclosed are the Fourth Quarter Empire Plan Experience Report for 2012 and the cover letter to the Chief Executive Officers. This report presents the actual 2012 Empire Plan experience and the projected 2014 premium rates.

Enclosures



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April 2, 2013

Dear Chief Executive Officer:

Attached is the Empire Plan Fourth Quarter Experience Report for 2012. This report presents the actual 2012 Empire Plan experience and the projected 2014 premium rates.

For the 2012 Plan Year, the Empire Plan carriers declared a surplus of \$240.3 million, 3.58% of premium. This represents an improvement of \$145.4 million from the projection made by the carriers in their third quarter reports.

Exhibit IV presents the projected 2014 Empire Plan premium rates. These projections include a tentative dividend application amount of \$150 million; \$10 million greater than the dividend credit included in the 2013 rates. The increase in the dividend credit results in an increase in the projected premium rates charged to payors that is modestly lower than the increase in the projected premium rates charged by the insurance carriers/vendors.

The "best estimate" projected net premium increases for 2014 are 11.2% in aggregate for The Empire Plan and 10.8% in aggregate for The Excelsior Plan. These projections are based on a number of assumptions made by the carriers and the Department of Civil Service. Historically, the actual increase in the premium has been less than the increase in premium projected in the 4<sup>th</sup> Quarter Reports.

Given the fiscal challenges that the State and its localities continue to face, our goal is to achieve 2014 NYSHIP rates that are as low as possible while promoting rate stability for the near future. The rate development and carrier negotiations will begin in September.

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



**PARTICIPATING AGENCIES**

**EMPIRE PLAN  
2012 Fourth Quarter  
Experience Report**

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

# **EMPIRE PLAN EXPERIENCE REPORT**

## **FOURTH QUARTER**

**Produced for**

**PARTICIPATING AGENCIES IN THE**

**NEW YORK STATE**

**HEALTH INSURANCE PROGRAM**

**by**

**The Employee Benefits Division**

**New York State Department of Civil Service**

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- Projected 2014 Premium Rates . . . . . Page 2

### **EXHIBITS**

- I.** Actual 2012 Empire Plan Experience
- II.** Projected 2012 Empire Plan Experience as of 12/31/12
- III.** Projected 2012 Empire Plan Experience as of 9/30/12
- IV.** Projected 2014 PA Premium Rates
- V.** Empire Plan PA 5-Tier Group Rates (2005-2014)
- VI.** Empire Plan PA 2-Tier Group Rates (2005-2014)

### **NYSHIP News**

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

**ACTUAL 2012 EMPIRE PLAN EXPERIENCE**

The Empire Plan carriers declared an aggregate surplus of \$240.3 million (3.58% of premium) for 2012, as presented in Exhibit I. For comparison purposes, the Empire Plan carriers' projected 2012 experience based on claims paid through December 2012 and September 2012 are presented in Exhibit II and Exhibit III, respectively. The following chart presents the percentage of the projected incurred claims actually paid, as well as the most recent projected 2012 trend as compared to the trend assumed during the 2012 premium rate development:

	<b><u>% of Paid Claims to Projected Incurred Claims</u></b>		<b><u>Projected 2012 Trend</u></b>	
	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>@ Final Renewal</u></b>	<b><u>@ 2012 4th Quarter</u></b>
Blue Cross Hospital	99.7%	87.6%	10.0%	5.5%
UHC Medical	99.9%	90.9%	7.3%	3.0%
UHC MHSA	99.6%	86.7%	10.4%	2.4%
UHC Rx	99.9%	97.3%	8.9%	3.5%

For 2012, the carriers agreed to remove the margin from the premium rates. Also, based on the size of the projected 2011 dividend that was being generated and the continued underlying carrier conservatism, the State requested additional premium reductions totaling \$186 million from the 2012 premium rates. In return for the reductions in the carrier premium requests, retrospective premium agreements totaling \$441.5 million were necessary. The actual 2012 surplus declared by each carrier as compared to the margin level and premium reductions factored in the 2012 premium are as follows:

	<b><u>Margin</u></b>	<b><u>Premium Adjustments</u></b>	<b><u>Actual 2012 Dividend/(Loss)</u></b>	<b><u>Experience Improvement</u></b>
Blue Cross Hospital	\$0	(\$61.0)	\$117.4	\$178.4
UHC Medical	\$0	(\$60.0)	\$34.3	\$94.3
UHC MHSA	\$0	\$0.0	\$14.3	\$14.3
UHC Rx	\$0	(\$65.0)	\$74.3	\$139.3
<b>Total</b>	<b>\$0</b>	<b>(\$186.0)</b>	<b>\$240.3</b>	<b>\$426.3</b>

In millions

The overall 2012 experience has improved \$426.3 million from the carriers' projections at the time the premium was developed. The primary cause for the significant experience improvement is due to a lower rate of increase in the 2012 trend from the rate anticipated at premium development. For each program component, the incurring trend is more than 50% lower than the trend assumed by the carriers in the premium development resulting in approximately \$282 million or 66% of the experience improvement. Other factors contributing to the increase in the projected surplus are a \$48 million improvement in the 2011 claim base, \$62 million in lower retention/assessments and a \$9 million increase in the pharma revenue. In total, the 2012 claim cost per contract has increased 2% over the 2011 amount.

Of the \$240.3 surplus, \$14.3 million will be retained by United HealthCare for the Mental Health and Substance Abuse Program to offset a carry forward loss from 2011. In addition, a \$40,000 retrospective premium payment to UHC is required. As a result, the actual 2012 net dividend is \$225.9 million.

### **2014 PROJECTED PREMIUM RATES**

The development of the 2014 premium rates will become more challenging when the Prescription Drug contract and Mental Health and Substance Abuse contract will become self-funded effective 1/1/2014. For these contracts, "premium rates" will be developed by the Department with assistance from the Department's benefit consultant and the vendors. While NYS premium taxes will not be assessed on these contracts, new federal fees/assessments as stipulated under the Affordable Health Care legislation are applicable in 2014 to the insured contracts.

Taking these changes into account, the projected increases in the 2014 net premium as presented in Exhibit IV, are 11.2% and 10.8% for the Empire Plan and the Excelsior Plan, respectively. The underlying assumptions/factors contributing to this increase include:

- Improvement in the 2013 claim base since the 2013 premium development
- 2014 projected trend of 7.7%
- Removal of NYS taxes and assessments on the Prescription Drug and MHSA contracts
- New Federal fees (Insurer Fee and Reinsurance Fees)
- Improved pricing on the new Prescription Drug contract effective 1/1/14
- Lag in federal and manufacturer revenues received under the Employer Group Waiver Plan

While \$282.8 million in dividend is anticipated to be available on 12/31/2013, the projected 2014 premium rates include the tentative use of \$150 million in dividend or \$10 million more than the dividend credited in the 2013 rates. The actual amount of dividend to be applied in the 2014 premium rates will be determined in October 2013 with the balance of the dividends set aside to fund potential retrospective premium payments for 2014 or to provide stability to future year's rate increases.

Exhibit V presents The Empire Plan individual and family 5-tier billing rate history since 2005. Exhibit VI presents, for illustrative purposes only, the 2-tier rate history from 2005 to 2014.

**FINAL 2012 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)	2,359,109	1,898,502	282,141	283,009	2,463,652	147,306	9,609	9,513	166,428	1,728,423	6,717,612
B Incurred Claims (2)	2,083,814	1,713,588	244,199	242,893	2,200,680	115,060	9,174	8,583	132,817	1,562,570	5,979,881
C Administrative Expense (3)	157,940	186,538	21,117	21,031	228,686	16,990	1,060	1,247	19,297	91,522	497,445
D Gain/(Loss) (A-B-C)	117,355	(1,624)	16,825	19,085	34,286	15,256	(625)	(317)	14,314	74,331	240,286

(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 2012 Annual Experience Report.

**2012 PROJECTED EMPIRE PLAN EXPERIENCE AS OF 12/31/2012**  
**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)	2,359,109	1,898,502	282,141	283,009	2,463,652	147,306	9,609	9,513	166,428	1,728,423	6,717,612
B Incurred Claims (2)	2,100,207	1,726,637	243,662	242,257	2,212,556	117,415	9,334	8,757	135,506	1,570,841	6,019,110
C Administrative Expense (3)	161,758	194,007	21,768	21,675	237,450	16,364	1,022	1,200	18,586	95,109	512,903
D Gain/(Loss) (A-B-C)	97,144	(22,142)	16,711	19,077	13,646	13,527	(747)	(444)	12,336	62,473	185,599

(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 2012 4th Quarter Experience Report

**2012 PROJECTED EMPIRE PLAN EXPERIENCE AS OF 9/30/2012**  
**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)	2,358,400	1,898,535	281,956	282,872	2,463,363	147,338	9,612	9,509	166,459	1,728,711	6,716,933
B Incurred Claims (2)	2,108,215	1,758,889	245,617	246,063	2,250,569	122,428	7,521	9,073	139,022	1,604,001	6,101,807
C Administrative Expense (3)	162,018	200,652	22,077	22,137	244,866	16,486	1,029	1,210	18,725	94,590	520,199
D Gain/(Loss) (A-B-C)	88,167	(61,006)	14,262	14,672	(32,072)	8,424	1,062	(774)	8,712	30,120	94,927

(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 2012 3rd Quarter Experience Report.

**2014 Premium Projections**

**Empire Plan**

<u>Optimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>
Individual Plan Prime	779.91	853.96	9.5%	767.98	837.50	9.1%
Family Plan Prime	1,712.76	1,877.27	9.6%	1,686.56	1,841.14	9.2%
Individual Mediprime	409.85	434.17	5.9%	399.33	423.03	5.9%
Family - 1 Mediprime	1,342.71	1,457.45	8.5%	1,317.93	1,426.65	8.2%
Family - 2+ Mediprime	972.66	1,037.65	6.7%	949.28	1,012.16	6.6%
<b>Aggregate</b>			<b>8.9%</b>			<b>8.6%</b>

<u>Best Estimate Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>
Individual Plan Prime	779.91	873.70	12.0%	767.98	857.24	11.6%
Family Plan Prime	1,712.76	1,920.22	12.1%	1,686.56	1,884.09	11.7%
Individual Mediprime	409.85	446.38	8.9%	399.33	435.24	9.0%
Family - 1 Mediprime	1,342.71	1,492.89	11.2%	1,317.93	1,462.09	10.9%
Family - 2+ Mediprime	972.66	1,065.57	9.6%	949.28	1,040.08	9.6%
<b>Aggregate</b>			<b>11.5%</b>			<b>11.2%</b>

<u>Pessimistic Projections</u>	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>
Individual Plan Prime	779.91	893.17	14.5%	767.98	876.71	14.2%
Family Plan Prime	1,712.76	1,962.56	14.6%	1,686.56	1,926.43	14.2%
Individual Mediprime	409.85	458.56	11.9%	399.33	447.42	12.0%
Family - 1 Mediprime	1,342.71	1,527.94	13.8%	1,317.93	1,497.14	13.6%
Family - 2+ Mediprime	972.66	1,093.33	12.4%	949.28	1,067.84	12.5%
<b>Aggregate</b>			<b>14.1%</b>			<b>13.8%</b>

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

## 2014 Premium Projections

### Excelsior Plan

	Monthly Gross Premium Rates (1)			Monthly Net Premium Rates (2)		
	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>
<u>Optimistic Projections</u>						
Individual Plan Prime	698.06	768.26	10.1%	693.01	754.58	8.9%
Family Plan Prime	1,544.28	1,699.97	10.1%	1,533.21	1,669.68	8.9%
Individual Mediprime	361.40	385.12	6.6%	353.83	376.13	6.3%
Family - 1 Mediprime	1,207.62	1,316.82	9.0%	1,194.03	1,291.22	8.1%
Family - 2+ Mediprime	870.97	933.69	7.2%	854.87	912.76	6.8%
<b>Aggregate</b>			<b>9.1%</b>			<b>8.2%</b>
	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>
<u>Best Estimate Projections</u>						
Individual Plan Prime	698.06	785.53	12.5%	693.01	771.85	11.4%
Family Plan Prime	1,544.28	1,737.87	12.5%	1,533.21	1,707.58	11.4%
Individual Mediprime	361.40	395.86	9.5%	353.83	386.87	9.3%
Family - 1 Mediprime	1,207.62	1,348.18	11.6%	1,194.03	1,322.58	10.8%
Family - 2+ Mediprime	870.97	958.50	10.0%	854.87	937.57	9.7%
<b>Aggregate</b>			<b>11.7%</b>			<b>10.8%</b>
	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>	<u>2013</u>	<u>2014 (3)</u>	<u>% Change</u>
<u>Pessimistic Projections</u>						
Individual Plan Prime	698.06	802.55	15.0%	693.01	788.87	13.8%
Family Plan Prime	1,544.28	1,775.18	15.0%	1,533.21	1,744.89	13.8%
Individual Mediprime	361.40	406.54	12.5%	353.83	397.55	12.4%
Family - 1 Mediprime	1,207.62	1,379.16	14.2%	1,194.03	1,353.56	13.4%
Family - 2+ Mediprime	870.97	983.16	12.9%	854.87	962.23	12.6%
<b>Aggregate</b>			<b>14.3%</b>			<b>13.4%</b>

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

(3) Projected Rates

**EMPIRE PLAN  
PA 5 TIER GROUP RATES  
2005 - 2014 Monthly Rates**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
<b>Individual Planprime</b>				
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	751.55	2.4%	712.75	2.7%
2013	779.91	3.8%	767.98	7.7%
2014	873.70	12.0%	857.24	11.6%
<b>Average Percent Increase</b>				
From Inception of 5 Tier Structure (1996)		7.7%		8.2%
Most Recent 10 Years		7.0%		7.0%
Most Recent 5 Years		6.8%		7.5%
<b>Family Planprime</b>				
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	1,645.31	2.9%	1,562.80	3.2%
2013	1,712.76	4.1%	1,686.56	7.9%
2014	1,920.22	12.1%	1,884.09	11.7%
<b>Average Percent Increase</b>				
From Inception of 5 Tier Structure (1996)		7.6%		8.0%
Most Recent 10 Years		7.4%		7.4%
Most Recent 5 Years		7.4%		8.1%
<b>Individual Medprime</b>				
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	447.66	0.2%	419.24	3.4%
2013	409.85	-8.4%	399.33	-4.7%
2014	446.38	8.9%	435.24	9.0%
<b>Average Percent Increase</b>				
From Inception of 5 Tier Structure (1996)		4.5%		5.1%
Most Recent 10 Years		2.9%		2.8%
Most Recent 5 Years		3.3%		4.1%

(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  
2005 - 2014 Monthly Rates**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
<b>Family - 1 Medprime</b>				
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	1,341.42	2.3%	1,269.28	3.6%
2013	1,342.71	0.1%	1,317.93	3.8%
2014	1,492.89	11.2%	1,462.09	10.9%
<b><u>Average Percent Increase</u></b>				
From Inception of 5 Tier Structure (1996)		6.2%		6.7%
Most Recent 10 Years		6.0%		6.0%
Most Recent 5 Years		6.3%		7.1%
<b>Family - 2 or More Medprime</b>				
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	1,037.53	1.3%	975.77	4.1%
2013	972.66	-6.3%	949.28	-2.7%
2014	1,065.57	9.6%	1,040.08	9.6%
<b><u>Average Percent Increase</u></b>				
From Inception of 5 Tier Structure (1996)		4.8%		5.4%
Most Recent 10 Years		4.0%		3.9%
Most Recent 5 Years		4.7%		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  
2005 - 2014 Monthly Rates  
(For Illustrative Purposes Only)**

	Gross Rate(1)	% Change	Net Rate(2)	% Change
<b>Individual</b>				
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	619.95	-0.3%	584.75	0.5%
2013	608.23	-1.9%	594.58	1.7%
2014	675.98	11.1%	661.90	11.3%
<b>Average Percent Increase</b>				
From Inception (1986)		7.3%		7.3%
Most Recent 10 Years		5.4%		5.4%
Most Recent 5 Years		5.3%		6.0%
<b>Family</b>				
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	1,478.23	2.5%	1,398.52	3.3%
2013	1,502.55	1.6%	1,471.47	5.2%
2014	1,675.29	11.5%	1,642.20	11.6%
<b>Average Percent Increase</b>				
From Inception (1986)		7.9%		7.9%
Most Recent 10 Years		6.5%		6.5%
Most Recent 5 Years		6.5%		7.2%

(1) Represents premiums charged by the carriers.

(2) Represents cost to a participating agency.

*Fourth Quarter Report - 2012*

**Empire Plan Medicare Rx Update**

Effective January 1, 2013, nearly 240,000 Medicare primary enrollees and dependents were successfully enrolled in Empire Plan Medicare Rx, a Medicare Part D prescription drug program. However a small percentage of that population was unable to be enrolled due to either incorrect or incomplete information in their NYSHIP enrollment record or enrollment in another Medicare Part D plan. As explained to enrollees in Empire Plan Medicare Rx plan materials over the past several months, enrollment in Empire Plan Medicare Rx is required to maintain Empire Plan coverage. The Department has delayed cancelling Empire Plan coverage while it has worked to resolve as many individual Empire Plan Medicare Rx enrollment problems as possible. However, the Department will be moving forward with cancellations soon. Prior to processing any cancellations the Employee Benefits Division will mail letters to Empire Plan Medicare-primary enrollees and dependents who are not enrolled in Empire Plan Medicare Rx. The letter will notify each recipient of the upcoming cancellation of his/her NYSHIP Empire Plan coverage and give instructions regarding steps to take to avoid cancellation. Agency Health Benefit Administrators will receive a copy of the letters and additional information in advance of the mailing.

**Procurement Updates/Self-Funding**

CVS/Caremark was awarded a five year contract for the Empire Plan Prescription Drug Program with an effective date of January 1, 2014. Under the new contract the program will be administered on a self-funded basis. Empire Plan Medicare Rx will be administered by SilverScript, a CVS/Caremark company. Due to Medicare requirements, enrollee communications regarding the transition to SilverScript will begin in late summer/early fall of 2013.

On February 15, 2013, the Department released an RFP for the Empire Plan Mental Health and Substance Abuse Program for a five year contract to be administered on a self-funded basis effective January 1, 2014.

A Letter of Agreement was signed between the Department and United Healthcare which converts the contract for Empire Plan medical/surgical benefits to a self-funded Administrative Services Contract (ASC) effective January 1, 2013. This arrangement eliminates the Plan's exposure to certain taxes/fees charged under the Affordable Care Act in 2014 as well as State premium tax liabilities in 2013.

**Westchester Medical Center Mailing**

On February 8, 2012 approximately 15,326 Empire Plan members were inadvertently mailed a letter indicating that Westchester Medical Center (including Maria Fareri Children's Hospital) no longer participates in UnitedHealthcare's national network. This letter was **sent in error and is not applicable** to benefits under The Empire Plan as hospital benefits are administered by Empire BlueCross and BlueShield not UnitedHealthcare.

### **East End Health Alliance Update**

Empire Blue Cross BlueShield (EBCBS) the insurer for the hospital component of the Empire Plan is currently operating under a contract extension with the East End Health Alliance (EEHA) effective through the end of March 2013. EEHA is comprised of 3 hospitals on the eastern end of Long Island (Suffolk County): Southampton Hospital, Peconic Bay Medical Center and Eastern Long Island Hospital. EBCBS recently mailed Empire Plan enrollees a letter advising that EEHA will no longer be in the network effective April 1, 2013 if contractual agreement is not reached. The letter provides information on alternative facilities, emergency situations and an EBCBS phone number to call with questions and/or for assistance in selecting an alternative network hospital.

### **2011 Participating Agency Self-Audit**

If your agency has not yet completed the 2011 Self-Audit, it is very important that you complete it as soon as possible. The Self-Audit can be accessed at <http://www.cs.ny.gov/paaudit/index.cfm>.

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

To date, 39 PAs have elected to extend coverage to qualified members of 184 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.

### **GASB 45 Assumptions Report and Census Data**

The 2012 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.ny.gov/GASB/2012PARReport.pdf>.

NYSHIP will provide agency census reports upon request, for use in complying with the provisions of GASB 45. Since the data included in this report will be current at the time it is provided, it is important that an agency's NYBEAS file is up-to-date, including correctly identifying and coding retirees before requesting census data.

To request a copy of your agency's census information, please send an e-mail to: [MaryEllen.Bruccleri@cs.state.ny.us](mailto:MaryEllen.Bruccleri@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 Memos PA06-11 and PA06-18.

### **Prompt Payment of NYSHIP Premium**

The Employee Benefits Division continues to aggressively monitor 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.

### **Mailing of HBA Memos**

As you may be aware, it is mandatory that all Participating Agencies have access to the New York State Benefits Eligibility and Accounting System (NYBEAS) and HBA Online. On January 27, 2012 we issued Memo PA12-02/PAEX12-02, which notified agency HBAs that we will no longer be mailing printed copies of HBA Memos. All new HBA Memos are posted to HBA Online, with a notification sent through NYBEAS. As a result, it is very important that a representative of your agency access NYBEAS and HBA Online frequently to ensure receipt of the most up-to-date information from the Employee Benefits Division. It is also very important that your agency maintain current contact information and system access permissions with the Department of Civil Service. If your agency needs to request new permissions or needs to update its current permissions, please contact the Civil Service Help Desk at (800) 422-3671 or (518) 457-5406 to request a copy of the Information Resource Management Form IRM-302.

### **Availability of Reports Electronically**

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

### **CEO, CFO & HBA Name and 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.D'Orazio@cs.state.ny.us](mailto:Deborah.D'Orazio@cs.state.ny.us).