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PE13-23

TO: Participating Employer Chief Executive Officers and Health Benefits Administrators

FROM: Employee Benefits Division

SUBJECT: 2014 New York State Health Insurance Program (NYSHIP) Rates

DATE: November 29, 2013

Attached are the 2014 NYSHIP Participating Employer health benefit rates that become effective January 1, 2014. Agency billing for coverage beginning January 1, 2014 will reflect the new rates.

The Empire Plan rates for Participating Employers will increase, in aggregate 1.8%. Although each Participating Employer, in accordance with its own policy, sets the employee/employer contribution rate for its active employees, we have included for your information Rate Schedules I & II which provide the employee/employer contribution rate of 90/75 percent, without HMO capping, for each option. Rate Schedules III, IV, V, VI, and VII reflect the retiree rates inclusive of the State's employer share capping formula applicable to HMOs. Collection of amounts by the Employee Benefits Division from your retirees and dependent survivors will be done using the capped rate scheduled. Note that the retiree pension deduction contributions for HMOs may vary due to the capping of the employer contribution.

Additionally, Rate Schedules VIII and IX reflect the Gross Individual Rates for each NYSHIP option to assist in the calculation of imputed income.

The Empire Plan rates charged to Participating Employers will increase 1.8%. Effective 1/1/14, the Empire Plan hospital, prescription drug and behavioral health contracts become self-funded. As a result, New York State premium taxes are avoided and taxes/fees specified by the Affordable Care Act are mitigated. The medical contract with United Health Care was converted to a self-funded arrangement effective 1/1/2013. These changes result in 2014 rates that are approximately \$343 million lower than what the rates would have been had the Empire Plan continued to be fully insured.

While health benefit rates are charged to plan participants, vendors are paid based on the claims paid on behalf of the plan plus administrative/other expenses. The payments to vendors are generally required to be made prior to the issuance of checks to providers/recipients. The Plan/Department is now responsible to fund these payments throughout the plan year regardless of the amounts collected. An annual accounting shall be performed to determine whether the plan incurred a dividend or a loss. The billing process to agencies will not change due to the Plan's conversion to self funding.

Following are the 2014 Empire Plan monthly rates:

With Drug Coverage

<u>Coverage</u>	<u>Gross Rates</u>	<u>Dividend and Interest Application</u>	<u>Net 2014 Rate</u>	<u>Net 2013 Rate</u>	<u>Percent Change</u>
Individual	\$633.04	(\$15.53)	\$617.51	\$609.56	1.30%
Family	\$1,534.36	(\$34.75)	\$1,499.61	\$1,470.65	1.97%

Without Drug Coverage

<u>Coverage</u>	<u>Gross Rates</u>	<u>Dividend and Interest Application</u>	<u>Net 2014 Rate</u>	<u>Net 2013 Rate</u>	<u>Percent Change</u>
Individual	\$472.25	(\$7.85)	\$464.40	\$466.99	(.55%)
Family	\$1,198.84	(\$19.13)	\$1,179.71	\$1,174.47	.45%

Retirees and Dependent Survivors

Retirees and Dependent Survivors of some Participating Employers have their rate liability collected by the State either by deductions from their New York State Employee Retirement System pension checks or by direct billing. The 2014 deductions and billings for Empire Plan and HMO coverage are based on the contribution amounts used in prior years as follows:

<u>Coverage</u>	<u>Individual Coverage</u>	<u>Dependent</u>
Retirees of record prior to 1/1/83	0%	25%
Retirees of record after 1/1/83 and prior to 1/1/2012	10%	25%
Post 4/1/79 Survivors	10%	25%

Enclosed for your information is Schedule III which presents the employee/employer contributions for pre-1/1/83 Retirees. These schedules reflect the employer contribution capping formula applicable to HMOs. Schedules V and VI present the employee/employer share breakdown for enrollees who are eligible for the Medicare Part D Low income subsidy and have chosen a “no-drug” option in NYSHIP. These schedules also reflect the employer contribution capping formula.

Health Maintenance Organizations

HMO rates have a composite rate increase of 1.84% with varying percentage changes for each HMO.

NYSHIP Medicare Part B Premium Reimbursement

The Centers for Medicare and Medicaid Services announced that the January 1, 2014 Part B premium amount will be \$104.90 for all enrollees except for those in high income brackets whom will continue to be subject to the Income Related Monthly Adjustment Amount (IRMAA).

Dental and Vision Rates for 2014

The following are the 2014 Dental and Vision rates for agencies that participate in the New York State offering:

Gross Rates	Dental	Vision
Individual	\$28.21	\$3.60
Family	\$72.78	\$9.34

If you have any questions about this rate change, or if your agency has a unique rate structure and needs assistance in determining the employee/employer contribution, please call the PA/PE Unit in the Employee Benefits Division at (518) 474-2780.

Attachments