



Department of Civil Service

ANDREW M. CUOMO
Governor

PE15-24

TO: Participating Employer Chief Executive Officers and Health Benefits Administrators
FROM: Employee Benefits Division
SUBJECT: 2016 New York State Health Insurance Program (NYSHIP) Rates
DATE: November 13, 2015

Attached are the 2016 NYSHIP Participating Employer health benefits rates that become effective January 1, 2016. The agency billing statement dated for coverage beginning January 1, 2016 (statement date of December 4, 2015) will reflect the new rates.

The Empire Plan rates for Participating Employers will increase, in aggregate 7.4%. 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 share 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 (EBD) from your retirees and dependent survivors will be done using the capped rate schedule. Rate schedules VIII and IX reflect the Gross Individual Rates for each NYSHIP option to assist in the calculation of imputed income.

The 2016 Plan Year will mark the third year of the Empire Plan's full conversion to a self-funded plan. While payments to vendors, except for the Medical Program, are based on actual claims and administrative expenses, premium equivalent rates are developed as the basis to charge payors for the projected incurred claims and administrative expenses.

The 2016 Premium equivalent rates were developed by the Department based on projections from the vendors and Aon Hewitt, the Department's benefit consultant. The gross premium will increase 7.2%. After the application of \$184 million in available dividend and accrued interest, the premium rates charged to payors will increase 7.4%. The premium impact on any particular employer can vary based on the mix of coverage provided. Based on the projected 2015 plan year gain of \$99.2 million and the

application of \$180 million in dividend for 2016, the Department anticipates a total of \$229.7 million in dividend will be available as of December 31, 2016 to offset future premium increases. The following are the 2016 Empire Plan monthly rates:

With Drug Coverage

<u>Coverage</u>	<u>Gross Rates</u>	<u>Dividend and Interest Application</u>	<u>Net 2016 Rates</u>	<u>Net 2015 Rates</u>	<u>Percent Change</u>
Individual	\$695.47	\$14.56	\$680.91	\$641.39	6.16%
Family	\$1,719.56	\$37.23	\$1,682.33	\$1,559.83	7.85%

Without Drug Coverage

<u>Coverage</u>	<u>Gross Rates</u>	<u>Dividend and Interest Application</u>	<u>Net 2016 Rates</u>	<u>Net 2015 Rates</u>	<u>Percent Change</u>
Individual	\$506.79	\$14.47	\$492.32	\$481.69	2.21%
Family	\$1,318.09	\$37.04	\$1,281.05	\$1,228.40	4.29%

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 2016 deductions and billing for Empire Plan and HMO coverage are based on the contribution amounts used in prior years.

<u>Coverage</u>	<u>Individual Coverage</u>	<u>Dependent Coverage</u>
Retirees of record prior to 1/1/1983	0%	25%
Retirees of record on or after 1/1/1983 and prior to 1/1/2012	10%	25%
Post 4/1/1979 Survivors	10%	25%

Enclosed for your information is Schedule III which presents the employee/employer contributions for pre-1/1/1983 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 3.6% with varying percentage changes for each HMO.

NYSHIP Medicare Part B Reimbursement

The Centers for Medicare and Medicaid Services (CMS) announced effective January 1, 2016 the standard Medicare Part B premium will be \$121.80 for the following individuals:

- Individuals who newly enroll in Medicare Part B effective January 1, 2016 or later
- Individuals who were previously enrolled in Medicare Part B, but pay CMS directly for their Medicare Part B premium
- Individuals enrolled in Medicare Part B who are subject to Income Related Monthly Adjustment Amount (IRMAA)
- Individuals enrolled in Medicare Part B and their Part B premium is paid by Medicaid

For all other individuals enrolled in Medicare Part B, the Medicare Part B premium amount will remain at \$104.90.

Dental and Vision Rates for 2016

The following are the 2016 Dental and Vision rates for agencies that participate in the New York State offering:

Gross Rates	Dental	Vision
Individual	\$28.07	\$3.46
Family	\$73.46	\$9.01

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.

Attachment(s)