



## Department of Civil Service

ANDREW M. CUOMO  
Governor

March 11, 2016

Dear Chief Executive Officer:

Attached is the Empire Plan Fourth Quarter Experience Report for the 2015 plan year. This report presents the projected 2015 Empire Plan experience, based on claims paid through December 31, 2015, and the projected 2017 premium rates.

For the 2015 Plan Year, the Empire Plan vendors project a net surplus of \$139.0 million, or 1.9% of premium. The underlying causes for the projected surplus are discussed in the report.

Exhibit II presents the projected 2017 Empire Plan premium rates. These projections include a tentative dividend application amount of \$155 million, \$25 million less than the dividend credit included in the 2016 rates. The “best estimate” projected net premium increase for 2017 is 7.8%, in aggregate, for The Empire Plan and 8.9%, in aggregate, for the Excelsior Plan. These projections are based on a number of assumptions made by the vendors and the Department of Civil Service. While the actual increase in the premium has been historically less than the increase in premium projected in the 4<sup>th</sup> Quarter Reports, the 2017 premium increases projected in this report are viewed to be fairly aggressive.

Overall, the projected 2017 plan year premium increases are consistent with claim trends experienced in 2015 and the trend projections for the 2016 plan year. While Medical and Hospital program trends have remained relatively stable over the past year, the trends for the Prescription Drug and Mental Health and Substance Abuse programs are expected to remain above the program trends experienced a few years ago.

Given the ongoing fiscal challenges faced by the State and its localities, our continuing goal is to achieve 2017 NYSHIP rates that are as low as possible while promoting rate stability for the near future. The 2017 premium rate development and related proceedings 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,

David Boland  
Director  
Employee Benefits Division