



Department of Civil Service

ANDREW M. CUOMO
Governor

June 16, 2016

Dear Chief Executive Officer:

Attached is the Empire Plan First Quarter Experience Report for 2016. This report presents the 2015 Empire Plan experience, the projected 2016 Empire Plan experience, based on claims paid through March 31, 2016, and the projected 2017 premium rates.

For the 2015 Plan Year, the Department of Civil Service (Department) declared a net dividend of \$138.7 million for the Empire Plan, representing 1.9% of premium. The underlying causes for this amount are discussed in the report.

For the 2016 Plan Year, the Empire Plan vendors project a net surplus of \$69.0 million, or 0.9% of premium. Historically, experience projections based on three months of paid claim data have been conservative. Therefore, we expect the projected experience to modestly improve as actual claims materialize.

Exhibit III presents the projected 2017 Empire Plan premium rates. These projections include a tentative dividend application amount of \$156 million, \$24 million less than the dividend credit included in the 2016 rates. The "best estimate" projected net premium increase for 2017 is 7.6%, in aggregate, for The Empire Plan and 8.2%, in aggregate, for The Excelsior Plan. These projections are based on a number of assumptions made by the vendors which includes an aggregate claims trend of approximately 7.8%. These assumptions are likely to change throughout the year.

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 J. Boland
Director
Employee Benefits Division