



**Department of
Civil Service**

ANDREW M. CUOMO
Governor

PA 16-06
PA EX 16-06

To: Participating Agency Chief Executive Officers &
Health Benefit Administrators

From: David Boland, Director of the Employee Benefits Division

Subject: Empire Plan Quarterly Experience Report

Date: March 11, 2016

Enclosed are the Fourth Quarter Empire Plan Experience Report for 2015 and the cover letter to agency Chief Executive Officers. This report presents the projected 2015 Empire Plan experience and the projected 2017 premium rates.

Enclosures



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 4th 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



**Department of
Civil Service**

PARTICIPATING AGENCIES

**EMPIRE PLAN
2015 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

- Projected 2015 Empire Plan Experience Pages 1-2
- Projected 2017 Premium Rates Page 2

EXHIBITS

- IA. Projected 2015 Empire Plan Experience as of 12/31/2015
- IB. Projected 2015 Empire Plan Experience as of 6/30/2015
- IC. Projected 2015 Empire Plan Experience as of 9/30/2015
- II. Projected 2017 PA Premium Rates
- III. Empire Plan PA 5-Tier Group Rates (2008-2017)
- IV. Empire Plan PA 2-Tier Group Rates (2008-2017)

NYSHIP News Pages 1-4

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

PROJECTED 2015 EMPIRE PLAN EXPERIENCE

Based on 2015 4th quarter report submissions, the Empire Plan vendors project an aggregate surplus of \$139.0 million (1.9% of premium) for the 2015 plan year, as presented in Exhibit IA. For comparative purposes, Exhibits IB and IC reflect the 2015 projected experience projected by the Empire Plan vendors in their respective 2nd and 3rd quarterly reports. The following chart presents the percentage of the projected incurred claims actually paid and the most recent projected 2015 trend as compared to the trend assumed during the 2015 premium rate development:

| | <u>% of Paid Claims to Projected Incurred Claims</u> | | <u>Projected 2015 Trend</u> | |
|---------------------|---|--------------------|------------------------------------|---------------------------------------|
| | <u>2014</u> | <u>2015</u> | <u>At Renewal</u> | <u>At 2015 4th Quarter</u> |
| Blue Cross Hospital | 99.6% | 88.7% | 6.7% | 6.6% |
| UHC Medical | 99.9% | 91.3% | 6.3% | 5.6% |
| ValueOptions MHSA | 99.6% | 81.4% | 6.0% | 29.9% |
| CVS Caremark Rx | 100.0% | 100.0% | 12.5% | 15.0% |

The 2015 plan year represents the second year The Empire Plan and Excelsior Plan were self-funded. While vendors provide projected premium rates to the Department, the Department ultimately develops the rates with support from the Department's benefits consultant, Aon Hewitt. The 2015 premium rate increase was 3.9% and included margin amounts for the Mental Health and Substance Abuse and Prescription Drug programs of \$20.1 million. The projected surplus/(loss) as compared to the margin level included in the 2015 premium is as follows:

| | <u>Margin</u> | <u>Projected 2015 Dividend/(Loss)</u> | <u>Projected Experience Change</u> |
|---------------------|----------------------|--|---|
| Blue Cross Hospital | \$0 | \$47.4 | \$47.4 |
| UHC Medical | \$0 | \$97.2 | \$97.2 |
| Value Options MHSA | \$4.5 | (\$27.4) | (\$31.9) |
| CVS Caremark Rx | \$15.6 | \$21.8 | \$6.2 |
| Total | \$20.1 | \$139.0 | \$118.9 |

(In millions)

The overall projected 2015 experience has improved by \$118.9 million from the projections made at the time the premium was developed. The projected surplus is primarily attributable to a decrease in the 2014 claim base projections for the Hospital and Medical Programs as compared to the projections used in developing the 2015 premium rates. Other factors contributing to the surplus include a lower 2015 plan year ACA Transitional Reinsurance Fee based on the final methodology selection (Medical Program), a \$26.6 million performance penalty related to contractual drug pricing discount guarantees and increased pharma revenue and Employer Group Waiver Plan (EGWP) subsidies received under the Prescription Drug Program. The projected surplus is offset, in part, by a 2015 Mental Health and Substance Abuse (MHSA) Program trend of nearly 30%, which is primarily due to increased utilization of Out-of-Network substance use services and In-Network mental health services. The actual prescription drug trend is also higher than the level projected for 2015.

2017 PROJECTED PREMIUM RATES

Similar to 2016, the 2017 premium rates for all four self-funded Empire Plan contracts will be developed by the Department with assistance from the Department's benefit consultant and the vendors administering the plan's programs. The projected 2017 increase in net premium as presented in Exhibit II, is 7.8% and 8.9% for The Empire Plan and the Excelsior Plan, respectively. The underlying assumptions/factors contributing to this increase include:

- A 2016 premium that is expected to result in a marginal dividend.
- A 2017 projected aggregate trend of 8.3%.
- Higher prescription drug trends due to increased utilization of high cost Specialty Drugs and the continuation of high price inflation on all drugs.
- The elimination of the ACA Transitional Reinsurance Fee beginning in 2017.

While \$267.5 million in dividend is anticipated to be available on December 31, 2016, the projected 2017 premium rates include the tentative use of \$155 million in dividend or \$25 million less than the dividend credit included in the 2016 rates. The actual amount of dividend monies to be applied in the 2017 premium rates will be determined in September 2016 with the balance of the dividends set aside to provide stability to future premium rate increases.

Exhibit III presents the Empire Plan individual and family 5-tier billing rate history since 2008. Exhibit IV presents, for illustrative purposes only, the 2-tier rate history from 2008 to 2017.

2015 PROJECTED EMPIRE PLAN EXPERIENCE AS OF 12/31/2015
In (000's)

| | EMPIRE | UNITED HEALTHCARE MEDICAL | | | | VALUE OPTIONS MHSA | | | | CVS CAREMARK | TOTAL |
|------------------------------|------------|---------------------------|-------------------|-------------------|-----------|--------------------|-------------------|-------------------|----------|--------------|-----------|
| | BLUE CROSS | Core | NY Enhancement | PA Enhancement | Combined | Core | NY Enhancement | PA Enhancement | Combined | DRUG | |
| A Premium (1) | 2,585,786 | 2,161,768 | 327,259 | 329,968 | 2,818,995 | 140,355 | 17,128 | 13,970 | 171,453 | 1,625,688 | 7,201,922 |
| B Incurred Claims (2) | 2,440,741 | 1,983,156 | 278,723 | 286,332 | 2,548,211 | 143,332 | 22,829 | 19,112 | 185,273 | 1,578,731 | 6,752,956 |
| C Administrative Expense (3) | 97,605 | 144,094 | 14,566 | 14,935 | 173,595 | 10,476 | 1,663 | 1,393 | 13,532 | 25,206 | 309,938 |
| D Gain/(Loss) (A-B-C) | 47,440 | 34,518 | 33,970 | 28,701 | 97,189 | (13,453) | (7,364) | (6,535) | (27,352) | 21,751 | 139,028 |

(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: Vendors' 2015 4th Quarter Experience Reports.

2015 PROJECTED EMPIRE PLAN EXPERIENCE AS OF 6/30/2015
In (000's)

| | EMPIRE BLUE CROSS | UNITED HEALTHCARE MEDICAL | | | | VALUE OPTIONS MHSA | | | | CVS CAREMARK DRUG | TOTAL |
|------------------------------|----------------------|---------------------------|-------------------|-------------------|-----------|--------------------|-------------------|-------------------|----------|----------------------|-----------|
| | | Core | NY Enhancement | PA Enhancement | Combined | Core | NY Enhancement | PA Enhancement | Combined | | |
| A Premium (1) | 2,592,231 | 2,166,101 | 328,925 | 329,108 | 2,824,134 | 140,521 | 17,150 | 13,965 | 171,636 | 1,620,742 | 7,208,743 |
| B Incurred Claims (2) | 2,453,359 | 2,014,255 | 274,146 | 282,353 | 2,570,754 | 130,123 | 20,076 | 15,532 | 165,731 | 1,636,129 | 6,825,973 |
| C Administrative Expense (3) | 97,580 | 150,820 | 14,856 | 15,264 | 180,940 | 10,745 | 1,552 | 1,223 | 13,520 | 26,372 | 318,412 |
| D Gain/(Loss) (A-B-C) | 41,292 | 1,026 | 39,923 | 31,491 | 72,440 | (347) | (4,478) | (2,790) | (7,615) | (41,759) | 64,358 |

(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: Vendors' 2015 2nd Quarter Experience Reports.

2015 PROJECTED EMPIRE PLAN EXPERIENCE AS OF 9/30/2015
In (000's)

| | EMPIRE | UNITED HEALTHCARE MEDICAL | | | | VALUE OPTIONS MHSA | | | | CVS CAREMARK | TOTAL |
|------------------------------|------------|---------------------------|-------------------|-------------------|-----------|--------------------|-------------------|-------------------|----------|--------------|-----------|
| | BLUE CROSS | Core | NY Enhancement | PA Enhancement | Combined | Core | NY Enhancement | PA Enhancement | Combined | DRUG | |
| A Premium (1) | 2,583,881 | 2,158,994 | 327,084 | 329,249 | 2,815,327 | 140,269 | 17,124 | 13,948 | 171,341 | 1,623,665 | 7,194,214 |
| B Incurred Claims (2) | 2,431,256 | 1,982,419 | 278,176 | 284,744 | 2,545,339 | 145,544 | 23,845 | 19,339 | 188,728 | 1,616,642 | 6,781,965 |
| C Administrative Expense (3) | 97,571 | 146,703 | 14,644 | 14,970 | 176,317 | 10,980 | 1,420 | 1,064 | 13,464 | 25,656 | 313,008 |
| D Gain/(Loss) (A-B-C) | 55,054 | 29,872 | 34,264 | 29,535 | 93,671 | (16,255) | (8,141) | (6,455) | (30,851) | (18,633) | 99,241 |

(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: Vendors' 2015 3rd Quarter Experience Reports.

2017 Premium Projections

Empire Plan

| <u>Optimistic Projections</u> | Monthly Gross Premium Rates (1) | | | Monthly Net Premium Rates (2) | | |
|-------------------------------|---------------------------------|-----------------|-----------------|-------------------------------|-----------------|-----------------|
| | <u>2016</u> | <u>2017 (3)</u> | <u>% Change</u> | <u>2016</u> | <u>2017 (3)</u> | <u>% Change</u> |
| Individual Plan Prime | 874.17 | 915.26 | 4.7% | 849.01 | 892.58 | 5.1% |
| Family Plan Prime | 1,980.96 | 2,076.67 | 4.8% | 1,926.21 | 2,027.00 | 5.2% |
| Individual Mediprime | 459.28 | 487.15 | 6.1% | 452.79 | 480.47 | 6.1% |
| Family - 1 Mediprime | 1,566.06 | 1,648.56 | 5.3% | 1,530.00 | 1,614.89 | 5.5% |
| Family - 2+ Mediprime | 1,151.17 | 1,220.44 | 6.0% | 1,133.77 | 1,202.79 | 6.1% |
| Aggregate | | | 5.1% | | | 5.4% |

| <u>Best Estimate Projections</u> | Monthly Gross Premium Rates (1) | | | Monthly Net Premium Rates (2) | | |
|----------------------------------|---------------------------------|-----------------|-----------------|-------------------------------|-----------------|-----------------|
| | <u>2016</u> | <u>2017 (3)</u> | <u>% Change</u> | <u>2016</u> | <u>2017 (3)</u> | <u>% Change</u> |
| Individual Plan Prime | 874.17 | 934.55 | 6.9% | 849.01 | 911.87 | 7.4% |
| Family Plan Prime | 1,980.96 | 2,120.20 | 7.0% | 1,926.21 | 2,070.53 | 7.5% |
| Individual Mediprime | 459.28 | 500.53 | 9.0% | 452.79 | 493.85 | 9.1% |
| Family - 1 Mediprime | 1,566.06 | 1,686.17 | 7.7% | 1,530.00 | 1,652.50 | 8.0% |
| Family - 2+ Mediprime | 1,151.17 | 1,252.16 | 8.8% | 1,133.77 | 1,234.51 | 8.9% |
| Aggregate | | | 7.4% | | | 7.8% |

| <u>Pessimistic Projections</u> | Monthly Gross Premium Rates (1) | | | Monthly Net Premium Rates (2) | | |
|--------------------------------|---------------------------------|-----------------|-----------------|-------------------------------|-----------------|-----------------|
| | <u>2016</u> | <u>2017 (3)</u> | <u>% Change</u> | <u>2016</u> | <u>2017 (3)</u> | <u>% Change</u> |
| Individual Plan Prime | 874.17 | 953.87 | 9.1% | 849.01 | 931.19 | 9.7% |
| Family Plan Prime | 1,980.96 | 2,163.84 | 9.2% | 1,926.21 | 2,114.17 | 9.8% |
| Individual Mediprime | 459.28 | 513.89 | 11.9% | 452.79 | 507.21 | 12.0% |
| Family - 1 Mediprime | 1,566.06 | 1,723.87 | 10.1% | 1,530.00 | 1,690.20 | 10.5% |
| Family - 2+ Mediprime | 1,151.17 | 1,283.89 | 11.5% | 1,133.77 | 1,266.24 | 11.7% |
| Aggregate | | | 9.8% | | | 10.2% |

(1) Represents premiums set to fund all self insured costs.

(2) Represents cost to a participating agency.

(3) Projected Rates.

2017 Premium Projections

Excelsior Plan

| | Monthly Gross Premium Rates (1) | | | Monthly Net Premium Rates (2) | | |
|----------------------------------|---------------------------------|-----------------|-----------------|-------------------------------|-----------------|-----------------|
| | <u>2016</u> | <u>2017 (3)</u> | <u>% Change</u> | <u>2016</u> | <u>2017 (3)</u> | <u>% Change</u> |
| <u>Optimistic Projections</u> | | | | | | |
| Individual Plan Prime | 775.03 | 816.13 | 5.3% | 752.65 | 801.33 | 6.5% |
| Family Plan Prime | 1,764.65 | 1,859.55 | 5.4% | 1,715.53 | 1,826.28 | 6.5% |
| Individual Mediprime | 401.10 | 426.52 | 6.3% | 395.13 | 421.94 | 6.8% |
| Family - 1 Mediprime | 1,390.70 | 1,469.93 | 5.7% | 1,357.99 | 1,446.87 | 6.5% |
| Family - 2+ Mediprime | 1,016.76 | 1,080.31 | 6.3% | 1,000.47 | 1,067.46 | 6.7% |
| Aggregate | | | 5.6% | | | 6.5% |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| <u>Best Estimate Projections</u> | | | | | | |
| Individual Plan Prime | 775.03 | 832.89 | 7.5% | 752.65 | 818.09 | 8.7% |
| Family Plan Prime | 1,764.65 | 1,897.55 | 7.5% | 1,715.53 | 1,864.28 | 8.7% |
| Individual Mediprime | 401.10 | 438.10 | 9.2% | 395.13 | 433.52 | 9.7% |
| Family - 1 Mediprime | 1,390.70 | 1,502.76 | 8.1% | 1,357.99 | 1,479.70 | 9.0% |
| Family - 2+ Mediprime | 1,016.76 | 1,107.96 | 9.0% | 1,000.47 | 1,095.11 | 9.5% |
| Aggregate | | | 8.0% | | | 8.9% |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| <u>Pessimistic Projections</u> | | | | | | |
| Individual Plan Prime | 775.03 | 849.68 | 9.6% | 752.65 | 834.88 | 10.9% |
| Family Plan Prime | 1,764.65 | 1,935.63 | 9.7% | 1,715.53 | 1,902.36 | 10.9% |
| Individual Mediprime | 401.10 | 449.70 | 12.1% | 395.13 | 445.12 | 12.7% |
| Family - 1 Mediprime | 1,390.70 | 1,535.66 | 10.4% | 1,357.99 | 1,512.60 | 11.4% |
| Family - 2+ Mediprime | 1,016.76 | 1,135.66 | 11.7% | 1,000.47 | 1,122.81 | 12.2% |
| Aggregate | | | 10.3% | | | 11.3% |

(1) Represents premiums set to fund all self insured costs.

(2) Represents cost to a participating agency.

(3) Projected Rates.

EMPIRE PLAN
PA 5 TIER GROUP RATES
2008 - 2017 Monthly Rates

| | Gross Rate(1) | % Change | Net Rate(2) | % Change |
|---|------------------|-------------|----------------|-------------|
| Individual Planprime | | | | |
| 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 | 789.31 | 1.2% | 771.54 | 0.5% |
| 2015 | 830.01 | 5.2% | 805.05 | 4.3% |
| 2016 | 874.17 | 5.3% | 849.01 | 5.5% |
| 2017 | 934.55 | 6.9% | 911.87 | 7.4% |
| Average Percent Increase | | | | |
| From Inception of 5 Tier Structure (1996) | | 7.0% | | 7.4% |
| Most Recent 10 Years | | 4.6% | | 5.0% |
| Most Recent 5 Years | | 4.5% | | 5.1% |
| Family Planprime | | | | |
| 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 | 1,752.26 | 2.3% | 1,714.19 | 1.6% |
| 2015 | 1,862.59 | 6.3% | 1,808.86 | 5.5% |
| 2016 | 1,980.96 | 6.4% | 1,926.21 | 6.5% |
| 2017 | 2,120.20 | 7.0% | 2,070.53 | 7.5% |
| Average Percent Increase | | | | |
| From Inception of 5 Tier Structure (1996) | | 7.0% | | 7.4% |
| Most Recent 10 Years | | 5.3% | | 5.7% |
| Most Recent 5 Years | | 5.2% | | 5.8% |
| Individual Medprime | | | | |
| 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 | 424.22 | 3.5% | 408.77 | 2.4% |
| 2015 | 412.95 | -2.7% | 401.84 | -1.7% |
| 2016 | 459.28 | 11.2% | 452.79 | 12.7% |
| 2017 | 500.53 | 9.0% | 493.85 | 9.1% |
| Average Percent Increase | | | | |
| From Inception of 5 Tier Structure (1996) | | 4.4% | | 5.0% |
| Most Recent 10 Years | | 3.5% | | 4.2% |
| Most Recent 5 Years | | 2.5% | | 3.5% |

(1) Represents premiums paid to the carriers (2008-2013) and premiums set to fund all self insured costs (2014-2017).
(2) Represents cost to a participating agency.

**EMPIRE PLAN
PA 5 TIER GROUP RATES
2008 - 2017 Monthly Rates**

| | Gross Rate(1) | % Change | Net Rate(2) | % Change |
|---|------------------|-------------|----------------|-------------|
| Family - 1 Medprime | | | | |
| 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 | 1,387.18 | 3.3% | 1,351.42 | 2.5% |
| 2015 | 1,445.54 | 4.2% | 1,405.68 | 4.0% |
| 2016 | 1,566.06 | 8.3% | 1,530.00 | 8.8% |
| 2017 | 1,686.17 | 7.7% | 1,652.50 | 8.0% |
| <u>Average Percent Increase</u> | | | | |
| From Inception of 5 Tier Structure (1996) | | 6.0% | | 6.4% |
| Most Recent 10 Years | | 5.1% | | 5.6% |
| Most Recent 5 Years | | 4.7% | | 5.4% |
| Family - 2 or More Medprime | | | | |
| 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 | 1,022.11 | 5.1% | 988.69 | 4.2% |
| 2015 | 1,028.48 | 0.6% | 1,002.46 | 1.4% |
| 2016 | 1,151.17 | 11.9% | 1,133.77 | 13.1% |
| 2017 | 1,252.16 | 8.8% | 1,234.51 | 8.9% |
| <u>Average Percent Increase</u> | | | | |
| From Inception of 5 Tier Structure (1996) | | 4.9% | | 5.5% |
| Most Recent 10 Years | | 4.8% | | 5.4% |
| Most Recent 5 Years | | 4.0% | | 5.0% |

(1) Represents premiums paid to the carriers (2008-2013) and premiums set to fund all self insured costs (2014-2017).

(2) Represents cost to a participating agency.

**EMPIRE PLAN
PA 2 TIER GROUP RATES
2008 - 2017 Monthly Rates
(For Illustrative Purposes Only)**

| | Gross Rate(1) | % Change | Net Rate(2) | % Change |
|---------------------------------|------------------|-------------|----------------|-------------|
| Individual | | | | |
| 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 | 619.05 | 1.8% | 602.57 | 1.3% |
| 2015 | 643.84 | 4.0% | 624.64 | 3.7% |
| 2016 | 681.30 | 5.8% | 663.86 | 6.3% |
| 2017 | 732.33 | 7.5% | 717.09 | 8.0% |
| Average Percent Increase | | | | |
| From Inception (1986) | | 6.8% | | 6.9% |
| Most Recent 10 Years | | 3.7% | | 4.2% |
| Most Recent 5 Years | | 3.4% | | 4.2% |
| Family | | | | |
| 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 | 1,539.35 | 2.4% | 1,502.31 | 2.1% |
| 2015 | 1,604.08 | 4.2% | 1,557.93 | 3.7% |
| 2016 | 1,722.49 | 7.4% | 1,678.01 | 7.7% |
| 2017 | 1,851.64 | 7.5% | 1,812.88 | 8.0% |
| Average Percent Increase | | | | |
| From Inception (1986) | | 7.5% | | 7.5% |
| Most Recent 10 Years | | 4.9% | | 5.3% |
| Most Recent 5 Years | | 4.6% | | 5.4% |

(1) Represents premiums paid to the carriers (2008-2013) and premiums set to fund all self insured costs (2014-2017)

(2) Represents cost to a participating agency.



NYSHIP
New York State
Health Insurance Program

News

Information for NYSHIP Participating Agencies

Fourth Quarter Report 2015

Dependent Eligibility Verification Audit (DEVA)

Memo numbers PA16-03 and PAEX16-03 were issued on February 12, 2016, regarding the Dependent Eligibility Verification Audit (DEVA) for 2016. These memos provide agencies with guidance regarding the Special Amnesty Period, how to handle dependents that were removed in error, the returned mail process, and what to expect regarding the Dependent Eligibility Verification Period, which starts February 29, 2016 and ends April 15, 2016.

Federal Health Care Reform

Employer Shared Responsibility and Reporting Requirements

In December 2015, the Internal Revenue Service (IRS) released [Notice 2016-04](#). In this notice, the IRS extended the due date for Form 1095-B and Form 1095-C to be mailed to the required recipients from February 1, 2016 to March 31, 2016. The IRS also extended the due date for the transmissions of these forms, Form 1094-B and Form 1094-C to the IRS from March 31, 2016 to June 30, 2016. Employers not submitting these forms to the IRS electronically must do so by May 31, 2016. As a reminder, each NYSHIP PA is responsible for the provision of these forms to required recipients and the IRS. The State of New York will not be distributing Form 1095-B or Form 1095-C to any individuals enrolled in NYSHIP through a PA or PE.

To assist Participating Agencies with their reporting obligations under the Patient Protection and Affordable Care Act (PPACA), a new report was developed. Memos PA16-02 and PAEX16-02 dated January 29, 2016, inform agencies that this report is now available and provide instruction on how to run the report. The report identifies their enrollees and their dependents and period of coverage. This information is required when with completing Form 1095-B and Form 1095-C. Please note this report was updated on February 8 to include certain individuals who were erroneously excluded from the original report. If you ran the report prior to February 8, you should rerun the report to get a more complete list of covered individuals.

Revised NYSHIP General Information Book for Participating Agencies (PAs) and Empire Plan Certificate

Memos PA16-04 and PAEX16-04 announce the issuance of the revised NYSHIP General Book (GIB) for active and retired employees of Participating Agencies enrolled in either The Empire Plan or the Excelsior Plan. In February, a small supply was sent to each PA. In addition, enrollees with NYSHIP in effect prior to January 30th were mailed the new GIB on February 12-18, 2016. As the memos explain, any enrollee not on the file as of this date will not receive this mailing. Agencies may order a Quick Order (QO) package on HBA Online for any new hire since it will include this publication, or they can include a copy of the new *GIB* in the package of information provided to new hires.

The 2015 *General Information Book* for PAs contains information regarding NYSHIP eligibility rules, enrollment options, requirements and costs. This revision represents the most substantial revision to the GIB undertaken in years. Please also note that the new book is divided into sections for active enrollees and retirees, for the purpose of clarity. In addition, the Empire Plan Certificate is no longer included as part of this book. The GIB will include information pertaining to eligibility and enrollment. The Empire Plan Certificate will be a separate book which will include information pertaining to benefits and coverage.

The Empire Plan Certificate was updated online to include amendments through December 31, 2014. An updated print version of the Empire Plan Certificate is underway. Notice will be provided when available. Future revisions to the GIB and Empire Plan Certificates will be handled separately.

Online PA/PE Resource Center

A new online resource (<http://www.cs.ny.gov/nyship/resource.cfm>) is now available for NYSHIP PA and PE agencies. Designed for agency personnel who do not have access to HBA Online, this page on the Department website provides updated information on current topics of interest to PAs and PEs. As of this writing, the site includes the PA/PE webinar and PowerPoint slides and information about the employer mandate and reporting requirements under PPACA. Bookmark the page and check back regularly for new information.

Agency Experience Reports

Agency specific Empire Plan and Excelsior Plan financial experience reports are available from the Employee Benefits Division upon request. The reports provide aggregate premium and claim summary data consistent with New York State legislation enacted in 2014 concerning the reporting of information to NYSHIP participating public employers. To obtain a financial experience report, PAs should submit a 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

To assist PAs with the valuation of their OPEB obligation, the Employee Benefit Division's consultant, Aon Hewitt, developed a report that presents the assumptions and rationale used by New York State and the State University of New York (SUNY) for the April 1, 2014 GASB 45 valuation. The report is available online at: <http://www.cs.ny.gov/GASB/2014-PA-Assumption-Report-Aon.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.Bruculeri@cs.ny.gov, and include your name, agency name and 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. To meet its contracted financial responsibilities, premium payments from Participating Agencies must be received by the Department by the due date. The due date is the 25th day of the month prior to the month of coverage. Failure to pay timely will also result in the unpaid amount to be included in the following month's bill; however, that amount is considered past due. The due date for each month's payment is clearly shown on the remittance page of each employer's invoice. If an agency fails to remedy this situation, its enrollees' NYSHIP benefits may be suspended.

Mailing of HBA Memos

All HBA Memos are posted to HBA Online with a notification sent through NYBEAS. Hard copy mailing of memos are provided to CEO's and CFO's. It is very important that agencies 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.ny.gov. Those without access to NYBEAS and HBA online; please see below for information on how to sign up for an E-mail notification when a new memo becomes available. 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.

NYSHIP e-News for Participating Agencies

The Department of Civil Service maintains a list for anyone who wishes to subscribe to our e-mail notifications regarding the New York State Health Insurance Program (NYSHIP). To sign-up for this service, go to the Department's website at:

http://www.cs.ny.gov/nyship/nyshipnews/nyshipnews_pa.cfm.

When you subscribe, you will receive a confirmation e-mail, as well as future alerts, from nyshipnews-pa@cs6.state.ny.us., which will include; NYBEAS broadcast messages, memos to Participating Agency HBAs, and notices of new NYSHIP publications that have been posted to NYBEAS. Since undeliverable e-mail addresses will be deleted, please keep your e-mail address up-to-date.

Availability of the Empire Plan Experience Reports

Recently issued Empire Plan Experience Reports are available through the following direct link to our website: <http://www.cs.ny.gov/employee-benefits/pa-market/index.cfm>.