



Department of Civil Service

ANDREW M. CUOMO
Governor

August 31, 2016

Dear Chief Executive Officer:

Attached is the Empire Plan Second Quarter Experience Report for 2016. This report presents the projected 2016 Empire Plan experience, based on claims paid through June 30, 2016 and the projected 2017 premium rates.

For the 2016 Plan Year, the Empire Plan vendors project an aggregate loss of \$75.6 million, or 1.0% of premium. Historically, experience projections based on six months of paid claim data have been conservative. Therefore, we expect the projected experience to modestly improve as actual claims materialize.

Exhibit II presents the projected 2017 Empire Plan premium rates. These projections include a tentative dividend application amount of \$136 million, \$44 million less than the dividend credit included in the 2016 rates. The “best estimate” projected net premium increase for 2017 is 9.1%, in aggregate, for The Empire Plan and 9.2%, in aggregate, for The Excelsior Plan. These projections are based on a number of assumptions made by the vendors which includes a projected aggregate claims trend of approximately 7.8%. These assumptions are likely to change prior to the development of the final 2017 premium rates.

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