



**Department of  
Civil Service**

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Acting Commissioner

PE 17-10

To: Participating Employer Chief Executive Officers &  
Health Benefit Administrators

From: David Boland, Director of the Employee Benefits Division

Subject: Empire Plan Quarterly Experience Report

Date: June 26, 2017

Attached is the Empire Plan First Quarter Experience Report for 2017. This report presents the final 2016 Empire Plan experience, the projected 2017 Empire Plan experience based on claims paid through March 31, 2017, and the projected 2018 premium rates.

For the 2016 Plan Year, the Department of Civil Service (Department) declared a net dividend of \$37.3 million for the Empire Plan, representing 0.5% of premium. The underlying causes for this amount are discussed in the report.

For the 2017 Plan Year, the Empire Plan vendors project a net surplus of \$106.0 million, or 1.3% of premium. Since the 2017 experience projections are based on only three months of paid claim data, the projections are expected to change as actual claims materialize throughout the remainder of the year.

Exhibit III presents the projected 2018 Empire Plan premium rates. These projections include a tentative dividend application amount of \$125 million, \$25 million less than the dividend credit included in the 2017 rates. The “best estimate” projected net premium increase for 2018 is 7.6%, in aggregate, for the Empire Plan. This projection is based on a number of assumptions made by the vendors which includes an aggregate claims trend of approximately 8.6%. 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 2018 NYSHIP rates that are as low as possible, while promoting rate stability for the near future. The 2018 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.