



PE17-20

TO: Participating Employer Chief Executive Officers and Health Benefits Administrators
FROM: Employee Benefits Division
SUBJECT: 2018 New York State Health Insurance Program (NYSHIP) Rates
DATE: November 8, 2017

Attached are the 2018 NYSHIP Participating Employer health benefit rates that become effective January 1, 2018. The agency billing statement dated December 4, 2017, for coverage beginning January 1, 2018, will reflect the new rates.

The Empire Plan rates for Participating Employers will increase, in aggregate, 7.5%. Although each Participating Employer, in accordance with its own policy, sets the employee/employer contribution rates for its active employees, we have included for your information Rate Schedules I & II which provide the employee/employer share contribution rates of 90/75 percent, *without* HMO capping, for each option. Rate schedules III, IV, V, VI, and VII reflect the retiree rates inclusive of the State's employer share capping formula applicable to HMOs. Enrollee premiums administered by the Employee Benefits Division (EBD) on your behalf, for retirees and dependent survivors will be calculated using the capped rate schedule. Rate schedules VIII and IX reflect the Gross Individual Rates for each NYSHIP option to assist in your calculation of imputed income.

The 2018 Plan Year will mark the fifth year of the Empire Plan's full conversion to a self-funded plan. While payments to vendors, except for the Medical Program, are based on actual claims and administrative expenses, premium equivalent rates are developed as the basis to charge payors for the projected incurred claims and administrative expenses.

The 2018 Empire Plan premium equivalent rates were developed by the Department based on projections from the vendors and Aon Hewitt, the Department's benefit consultant. The gross premium will increase 6.5%. After the application of \$76.8 million in available dividend and accrued interest, the premium rates charged to payors will increase 7.5%.

The following are the 2018 Empire Plan monthly rates:

With Drug Coverage

<u>Coverage</u>	<u>2018 Gross Rates</u>	<u>2018 Dividend and Interest Application</u>	<u>Net 2018 Rates</u>	<u>Net 2017 Rates</u>	<u>Percent Change</u>
Individual	\$785.91	\$7.40	\$778.51	\$722.61	7.74%
Family	\$1,965.83	\$17.22	\$1,948.61	\$1,813.90	7.43%

Without Drug Coverage

<u>Coverage</u>	<u>2018 Gross Rates</u>	<u>2018 Dividend and Interest Application</u>	<u>Net 2018 Rates</u>	<u>Net 2017 Rates</u>	<u>Percent Change</u>
Individual	\$589.35	\$4.79	\$584.56	\$545.24	7.21%
Family	\$1,541.62	\$11.79	\$1,529.83	\$1,434.09	6.68%

Retirees and Dependent Survivors

Retirees and Dependent Survivors of some Participating Employers have their premium collection administered by the Employee Benefits Division. For these employers, the 2018 enrollee premiums for Empire Plan and HMO coverage are based on the following contribution amounts:

<u>Coverage</u>	<u>Individual Coverage</u>	<u>Dependent Coverage</u>
Retirees of record prior to 1/1/1983	0%	25%
Retirees of record on or after 1/1/1983 and prior to 1/1/2012	10%	25%
Post 4/1/1979 Survivors	10%	25%

Health Maintenance Organizations

HMO rates have a composite rate increase of 4.3% with varying percentage changes for each HMO.

NYSHIP Medicare Part B Reimbursement

As of the issuance date of this memorandum, the 2018 Medicare Part B rates have not yet been formally announced by the Centers for Medicare and Medicaid Services (CMS). Based on the Medicare Trustees Report released in July 2017, the Medicare Part B standard monthly premium for 2018 is projected to be \$134.00, which is the same as the 2017 amount. However, many Medicare enrollees are currently charged a lower premium due to a hold harmless provision in the law that limited the 2017 Medicare Part B premium increase to the Social Security Cost of Living Allowance (COLA). The Social Security Administration recently announced a 2.0% COLA increase for 2018. As a result of the COLA increase, which equates to an average increase of approximately \$25.00 in monthly Social Security benefits, it is anticipated all Medicare

enrolled individuals will be charged the same Medicare Part B standard monthly premium in 2018.

In addition, for 2018 CMS will adjust the income brackets that are used in determining the Medicare Part B Income Related Monthly Adjustment Amount (IRMAA) surcharges for higher-income Medicare beneficiaries. The changes, which will increase Medicare Part premiums for many Medicare enrollees, consolidates the current top two income brackets and splits the existing third bracket into two brackets.

Dental and Vision Rates for 2018

The following are the 2018 Dental and Vision rates for agencies that participate in the New York State offering:

Net Rates	Dental	Vision
Individual	\$27.01	\$3.30
Family	\$71.93	\$8.56

If you have any questions about this rate change, or if your agency has a unique rate structure and needs assistance in determining the employee/employer contribution, please call the PA/PE Unit in the Employee Benefits Division at (518) 474-2780.

Attachment(s)