



**Department of
Civil Service**

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Governor
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Acting Commissioner

PE 19-05

To: Participating Employer Chief Executive Officers and
Health Benefit Administrators

From: James DeWan, Director of the Employee Benefits Division

Subject: Empire Plan Quarterly Experience Report

Date: April 4, 2019

Attached is the Empire Plan Fourth Quarter Experience Report for 2018. This report presents the projected 2018 experience, based on claims paid through December 31, 2018, and the projected 2020 premium rates.

For the 2018 Plan Year, the Empire Plan vendors project a net surplus of \$277.9 million, or 3.1% of premium. The underlying causes for the projected surplus are discussed in the report.

Exhibit II presents the projected 2020 Empire Plan premium rates. These projections include a tentative dividend application amount of \$180 million, which represents an application of \$30 million more than the dividend credit included in the 2019 rates. The “best estimate” projected net premium increase for 2020 is 6.0%, in aggregate, for The Empire Plan. These projections are based on several assumptions made by the vendors and the Department, and include a projected aggregate claims trend of approximately 6.5%. These assumptions are likely to change prior to the development of the final 2020 premium rates.

In 2019, the Empire Plan rate increase for participating employers was limited to 0.9%, largely as the result of the successful prescription drug procurement and the extension of certain benefit design changes. Given the ongoing fiscal challenges faced by the State and its localities, our continuing goal is to achieve 2020 NYSHIP rates that are as low as possible while promoting rate stability for the near future. The 2020 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 do not hesitate to contact me.