

Employee Benefits Division Policy Memorandum

Number: Policy Memo 146

Date Issued: May 11, 2018

Subject: Offering Empire Plan and Excelsior Plan to the Same Class of Employee

PURPOSE:

Codify the New York State Health Insurance Program's (NYSHIP) policy of prohibiting participating agencies from offering the Empire Plan and the Excelsior Plan to the same class of employees.

BACKGROUND:

A participating agency inquired if it could offer both the Empire Plan and the Excelsior Plan to its employees, including employees of the same class.

Allowing a participating agency to offer both plans to the same class of employee would likely create a situation wherein healthier individuals opt into the lower cost Excelsior Plan and individuals with greater health concerns opt into the more comprehensive Empire Plan. Such a practice is considered adverse selection. If allowed, the Empire Plan's membership would include a higher percentage of individuals with significant medical needs compared to the Excelsior Plan, with negative financial consequences to the Empire Plan. NYSHIP's policy of prohibiting participating agencies from offering both plans to the same class of employees distributes risk. Thus, NYSHIP is better able to control plan exposure and predict cost fluctuations.

POLICY:

NYSHIP shall not allow participating agencies to offer both the Empire Plan and the Excelsior Plan to the same class of employees.