

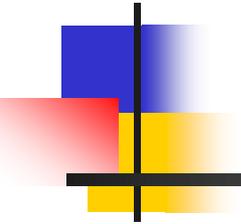
The New York State Health Insurance Program

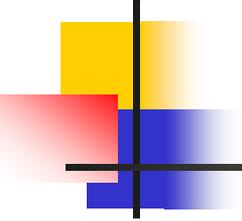
PARTICIPATING AGENCY 2008 REGIONAL MEETINGS

Mary B. Frye
Director, Employee Insurance Programs
Employee Benefits Division
NYS Department of Civil Service

EMPIRE PLAN

FINANCIAL EXPERIENCE





Projected Year 2008 Empire Plan Experience ⁽¹⁾ (000's)

	Blue Cross Hospital	United HealthCare	GHI MHSA	UHC Drug	Total
Premium	\$1,763,516	\$2,203,592	\$108,025	\$1,536,758	\$5,611,891
Incurred Claims	\$1,591,022	\$1,824,349	\$94,414	\$1,361,782	\$4,871,567
Administrative Expense	<u>\$123,645</u>	<u>\$182,375</u>	<u>\$18,400</u>	<u>\$73,552</u>	<u>\$397,972</u>
Gain/(Loss)	48,849	\$196,868	(\$4,789)	\$101,424	\$342,352

(1) 2008 2nd Quarter Carrier Reports



Dividends – All Payors

- Projected Applied 2009 \$300.0 million
- Projected Earned 2008* \$372.8 million

* Includes \$3.4 million in additional dividends received from Cigna related to the Rx contract ended 12/31/2005 plus \$27.0 million received related to Cigna/ESI settlement with NYS.

Empire Plan Participating Agency Premium Rates Comparison of 2008 and 2009 Projected Rates (1)

	GROSS RATES (2)			NET RATES (3)		
	2008	2009	% Change	2008	2009	% Change
<u>Planprime</u>						
Individual	633.79	669.14	5.6%	592.38	632.23	6.7%
Family	1,346.27	1,423.28	5.7%	1,258.78	1,345.88	6.9%
<u>Medprime</u>						
Individual	397.23	411.68	3.6%	360.41	380.13	5.5%
Family - 1 med	1,109.74	1,165.82	5.1%	1,026.86	1,093.79	6.5%
Family - 2 meds	873.21	908.35	4.0%	794.94	841.67	5.9%
Average aggregate			5.3%			6.6%

(1) Based on 2008 2nd Qtr. Carrier Reports.

(2) Represents premiums charged by the carriers.

(3) Represents cost to a participating agency.

Excelsior Plan Participating Agency Premium Rates Comparison of 2008 and 2009 Projected Rates (1)

	GROSS RATES (2)			NET RATES (3)		
	2008	2009	% Change	2008	2009	% Change
<u>Planprime</u>						
Individual	551.81	584.46	5.9%	513.43	550.35	7.2%
Family	1,173.06	1,244.59	6.1%	1,091.89	1,173.10	7.4%
<u>Medprime</u>						
Individual	322.07	334.19	3.8%	286.19	303.53	6.1%
Family - 1 med	943.33	994.32	5.4%	864.68	926.27	7.1%
Family - 2 meds	713.58	744.05	4.3%	637.43	679.43	6.6%
Average aggregate			5.7%			7.2%

(1) Based on 2008 2nd Qtr. Carrier Reports.

(2) Represents premiums charged by the carriers.

(3) Represents cost to a participating agency; projected 2009 Excelsior net rates are 14.2% less than projected 2009 Empire net rates.

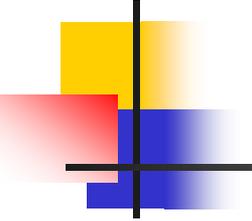


2009 HMO Premium Increases

Weighted average composite increase for
21 NYSHIP HMO Options = 14.9%

% Increase	# Options
< 10%	6
10% - 15%	7
15% - 20%	3
> 20%	4

Industry Premium Increases for 2008



Kaiser Survey

- 5.0%

CalPERS

- 4.2% PPOs
- 7.4% HMOs

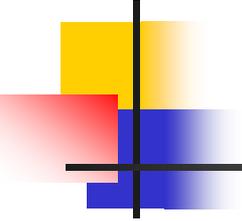
Federal Employees Health Benefits Program

- 1.8% average

Hewitt Associates, Inc. Research

- 9.4% HMOS

Projected Industry Premium Increases for 2009



Milliman Survey

- 9.4% PPOs
- 8.5% HMOs

CalPERS

- 0.0% PPOs
- 6.6% HMOs

Hewitt Associates, Inc. Projection

- 11.8% HMOs



Dependent Eligibility Audit

- Audit firms claim on average 5 -15% of dependents are not eligible
- Broad NYSHIP eligibility criteria (domestic partners/other children)
- At 5% savings could be \$100 million
- RFP issued June 18, 2008



Dependent Eligibility Audit

- Award to Budco Sept. 19
- Experience with large employers/diverse populations
- Fully HIPAA compliant
- Minimum 3:1 ROI guarantee
- Savings based on 5 yr. claim look back



Dependent Eligibility Audit

- 60 day amnesty period established under Civil Service Law for FY 2008/09
- Proofs required for all dependents
- Budco will provide call center services, review proofs, handle appeals
- Transactions batch processed by EBD
- Transactions appear on HBA worklist



Retroactivity limitations

- Effective January 1, 2009 agency enrollee transaction retroactivity to be limited based on reconciliation reports
- Dependent eligibility audit will establish a baseline for dependent transactions
- EBD will be developing rules for limits



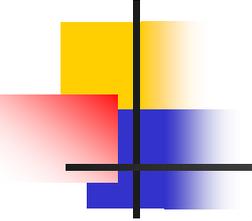
NYSHIP UPDATES

- Medicare D and RDS update
- Self Audit update
- Empire Plan card reissue



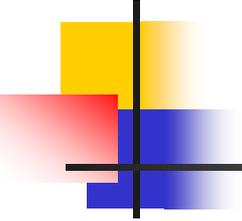
A Review of Medicare D

- NYSHIP prescription drug benefits for retirees do not change because of Medicare eligibility – the same benefits are available
- No NYSHIP requirement to join Part D
- No NYSHIP requirement to reimburse Medicare Part D premium for those that do join
- Most NYSHIP retirees should NOT join a Medicare prescription drug plan (Part D)
- Joining Medicare Part D will change NYSHIP Rx coverage



What happens if an enrollee enrolls in a Med D plan?

- If a Medicare primary enrollee/dependent enrolls in Medicare Part D their Empire Plan coverage is secondary to Medicare
- EBD identifies those who do enroll through a regular data match with CMS and puts an indicator on NYBEAS that Medicare is primary for Rx
- No access to EP benefits at the pharmacy; paper claim must be submitted
- Agency is not eligible for the employer subsidy



Medicare D Subsidy Payment Update

- RDS for each PA based on actual claims
- 2006 reconciliation completed
- 2007 completed except for December amounts – pending reconciliation
- 2008 Subsidy amounts through June have been collected
- Approx. \$50 million in subsidy credited to PA accounts annually



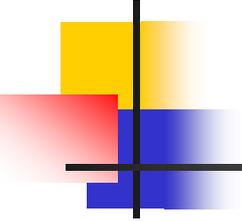
Agency Self-Audit

- Sent last September; due 10/31/07
- Educational tool/compliance monitoring (Sec 73.9 of President's Regulations)
- Over 89% return rate
- Approx 50% have been reviewed
- Most are in compliance
- Follow-up
- Thank you for your cooperation!



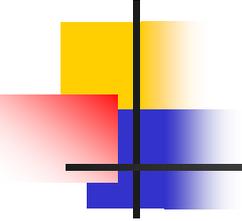
Empire Plan Card Reissue

- PA enrollees will receive new cards
- Production file created in October
- Cards received prior to Jan. 1
- New copay code “D”



Empire Plan Core Only Benefits

- Low participation – approx. 30 agencies with less than 1,000 covered lives
- Small cost differential (11%) and less than rational benefit design
- Made a commitment to redesign the plan to offer better value to NYS local governments



The Excelsior Plan

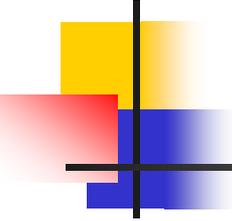
An Empire Plan Option

- Replacing the Core Only 1/1/09
- Current Core design to end 12/31/08
- Current Core Only agencies have been notified
- Plan summary will be sent in early Oct.



Excelsior Plan

- Rate stability through pooled experience
- Empire Plan networks
- Clinical quality programs:
 - Centers of Excellence programs
 - Disease management programs



Excelsior Plan Benefit Design

- Higher, but reasonable OOP costs
- Limited out-of-network benefits
- Basic medical benefits based on Medicare allowance
- Guaranteed access to key providers
- Tightly managed Rx benefits



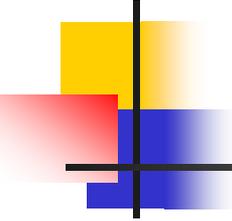
Empire Plan Managed Mental Health and Substance Abuse Program

- GHI/ValueOptions contract ends 12/31/08
- RFP issued March 1, 2007
- United HealthCare/Optum selected for a 5-year contract - protest filed
- Contract negotiations ongoing
- Contract is pending OSC approval



MHSA Program Transition

- First complete turnover of program since its inception in 1992
- Transition plans are underway
- GHI/VO have contractual responsibilities
- Stringent implementation guarantees for UHC/Optum



MHSA Program Transition

- Anyone who is an inpatient on 12/31/08 and continuing on 1/1/09 will remain a GHI/VO responsibility
- Optum Network
- Transition benefit for outpatient services