



2013 Regional Meetings for Participating Agencies

New York State Department of Civil Service
Employee Benefits Division

October 02, 2013 – Saratoga Springs

October 22, 2013 – Suffern

October 23, 2013 – Hauppauge

Agenda

- Financial/Program Updates
 - Presented by: David Boland
- Prescription Drug Program Implementation
 - Presented by: CVS Caremark
- Lunch
- Legislative Updates, Policy Updates, HBA Communications
 - Presented By: MaryEllen Brucculeri
& Erik Anderson

Financial/Program Updates

David Boland

Director of Employee Insurance Programs

Topics

- Financial Structure/Concepts
- Projected 2013 Empire Plan Experience
- 2014 Rate Renewal Information
- Empire Plan Self Funded in 2014
- Financial Impact of Self Funding

NYSHIP

Empire Plan

Fully Insured – Prior to 1/1/2014 (Except Medical)

Fully Participating

Experience Rated

Self Insured – Effective 1/1/2014

HMOs

Fully Insured

Community Rated

Rate Structure

- Two Tier (Individual and Family Coverage)
- Enrollee/Dependent Pooling
- Effective 1/1/96, PA Five Tier Structure Created

Health Insurance Premium

Goals: Lowest Premium
 Rate Stability
 Timely Approval

Empire Plan Rate Components

Hospital

Medical

MHSA

Rx Drug

NYBEAS

Gross Rates

Dividends

Interest

ERRP

MLR

Net Rates

Cost Components

Key Components

- Base Period Claims x
- Trend =
- Rate Period Claims
- Retention
- Margin
- Other

Claim Projection

Key Components

- Base Period Claims
- Trend
- Projected Rate Period Claims



 = Known Data
 = Unknown Data

2013 Premium Development Recap

.8% Gross Premium Increase

Remove Margin (\$261.4 million) in exchange for a retro.

Additional \$142.3 reduction in exchange for a retro.

\$140 million in dividend application

4.4% Empire Plan Net Premium Increase (All Payor)

4.7% Empire Plan Net Premium Increase (PA Group)

Projected Year 2013 Empire Plan Experience¹ (000's)

	Blue Cross Hospital	UHC Medical	UHC MHSA	UHC Drug	Total
Premium	\$2,403,831	\$2,660,305	\$183,150	\$1,476,371	\$6,723,657
Incurred Claims	\$2,178,631	\$2,319,919	\$150,732	\$1,356,655	\$6,005,937
Administrative Expense	<u>\$164,905</u>	<u>\$175,191</u>	<u>\$23,352</u>	<u>\$128,151</u>	<u>\$491,599</u>
Gain/(Loss)	\$60,295	\$165,195	\$9,066	(\$8,435)	\$226,121

(1) 2014 Initial Rate Renewal Submissions

2014 Rate Renewal

- Vendor Gross Premium Submission: 3.1%
 - Includes 7.0 Trend
 - Includes 0% margin
 - Includes impact of new MHSA and Prescription Drug Contracts.

2014 Rate Renewal

Other Factors Affecting Rate Development:

- 2013 Claim Base – will be updated for Aug/Sep claims experience
- 2014 Trend Reviewed
- New PPACA Fees
- 2014 is first year of new Rx/MHSA contracts
- 2014 is first year of Hospital Program self funding

All factors generate uncertainty

Projected Dividends/ERRP All Payors (in Millions)

	Dividends	ERRP	Total
Available as of 12/31/12	\$199.9	-\$3.0	\$196.9
2012 Earned	+ \$225.9	+ \$27.8	+ \$253.7
2013 Projected Applied	- \$140.0	\$0.0	- \$140.0
Reallocation	- \$3.0	+ \$3.0	\$0.0
Projected Available 12/31/13	\$282.8	\$27.8	\$310.6
2013 Projected Earned	+\$226.8	+ \$3.3	+ \$230.1
2014 Projected Applied	- \$172.3	-\$31.1	- \$203.4
Reallocation	+ \$0.0	-\$0.0	\$0.0
Projected Available as of 12/31/14	\$337.3	\$0.0	\$337.3

2014 Projected Empire Plan Premium

(In millions)

Initial Submission/All Payors

	2013	2014	% Change
Gross Premium	\$6,897.6	\$7,107.0	3.1%
Dividend and Interest	\$138.8	\$172.3	24.1%
ERRP	\$0.0	\$31.2	
Mediprime Charge	-\$10.3	\$0.0	
Net Premium	\$6,768.3	\$6,903.5	2.0%

2014 HMO Gross Premium Projected Increase

Weighted average composite increase for 20 NYSHIP
HMO Options = 2.8% increase

Breakdown of % increase:

% Increase	# Options
< 0%	2
0% - 5%	11
5% - 10%	3
10% - 15%	1
> 15%	3

Projected Industry Premium Increases for 2014

Federal Employees Health Benefits Program (FEHBP)

- OMP will announce in early October

Towers Watson & Co. 5.9%

CalPERS

- 2.5% PPOs
- 3.8% HMOs
- 3.0% Composite

2014 Medicare Part B Premium

- Announcement expected very soon

Self-Funded Empire Plan

- Why
- Who is Impacted
- When
- Impact

Impact of Taxes on Premiums

- Taxes are included in Empire Plan Premiums
- GSC share of total plan premiums is approximately 37%
- Remainder paid by participating local governments, public authorities and employee and retiree premium contributions

State Taxes on NYSHIP

- **NYS Premium Tax (NYS Tax Law Article 33)**
 - Annual tax based on premiums
 - Tax = 1.75% of premium
- **MTA Surcharge (NYS Tax Law Article 33)**
 - Surcharge on Premium Tax applies to insurers who do business in the Metropolitan Commuter Transportation District.
 - Surcharge = 17% of premium tax
- **NYS DFS Assessment (NYS Insurance Law Section 332)**
 - Annual tax assessed to cover the expenses of the Department
 - Spread among all domestic insurers and licensed U.S. branches of alien insurers domiciled in New York.
 - Each company's respective share of that cost is based on its premium income for the prior calendar year.

ACA Taxes on NYSHIP

- **Health Insurance Tax (HIT)**
 - Annual tax on health insurers; self-funded plans are exempt.
 - Effective January 1, 2014; payment due date established in final regulations, but due no later than September 30 of each year.
 - Tax based on net aggregate premiums for the prior calendar year according to a formula that spreads fixed distribution amount among insurer; total distribution amount increases annually.

ACA Taxes on NYSHIP

- **Transitional Reinsurance Program Contributions**
 - Applies to health insurance issuers and third party administrators (TPAs) on behalf of a self-funded plan.
 - Contributions will be collected quarterly beginning January 15, 2014, based on a per covered life basis. Medicare primary individuals and those with addresses outside the U.S. are not counted.
 - Assessed are estimated to be \$5.25 per covered life per month.

ACA Taxes on NYSHIP

- **Patient Centered Outcomes Research Institute Fee (PCORI)**
 - Applies to health insurers and sponsors of self-insured group health plans.
 - Assessed for plan years ending after September 30, 2012, at a rate of \$1 per covered life for 2013 and \$2 per covered life after the first year; the fee is temporary and will apply to NYSHIP plan years 2013 - 2018.
 - Payment is due by July 31 of the following plan year.
 - Final regulations confirm that multiple fee payments would be due for Empire Plan covered lives – one for each insurance policy and one for the self-funded components, combined.

Who Is Impacted By Self-Funding

- NYS Budget
 - Lower GSC Costs
 - Lower State Revenue
- Plan/EBD
 - EBD pays vendors claims and administrative expense vs. premium.
- Payors (no changes except for cost)
 - Charges premium equivalent (lower cost)

Prior Self Funding Strategy

- Self-fund Rx and Behavioral Health contracts in 2014.
- Self-fund hospital and medical contracts through the procurement process.

October 2012 Discussions With UHC

- Discussions involve Conversion of the Medical Program to Administrative Services Contract effective 1/1/13.
- Impact on Premium Taxes
- Impact on ACA Fees
- Impact on Payors

Medical ASC

(Administrative Service Contract)

Effective 1/1/13

- Reduces State Premium Tax Revenue by \$157.4 million 2013 through 2015.
- Reduces State health insurance premium costs by \$180.9 million for Plan Years 2013 through 2015
- Reduces cost of NYSHIP to participating local governments and public authorities by \$205.2 million for Plan Years 2013 through 2015

Considerations

- Impact on the State Financial Plan
- Is the reduction in State health insurance costs worth accelerated loss of \$157.4 million in premium tax revenue?
- Is the reduction in participating local government health insurance costs a factor?

Empire Blue Cross Proposed Self-Funding

- Traditional ASO (administrative services only)
- Multiple Years
- Effective 1/1/2014

2014 Savings Impact

- All Payor Amounts
 - \$148.7 million in NYS Premium Taxes savings
 - \$139.3 million in ACA Fee Avoidance
- Increase in ACA Fees for \$8.8 million in 2013 to \$56 million in 2014 (Subset of First Bullet)

EMPIRE PLAN AND CVS CAREMARK 1/1/2014

LUNCH BREAK

Legislative/Policy Updates

MaryEllen Brucculeri & Erik Anderson

Policy Analysis & Strategic Planning

Topics

- Patient Protection and Affordable Care Act (PPACA) Timeline Review
- PPACA Upcoming Requirements
- DOMA
- HBA Communications

PPACA Timeline Review 2013



PPACA Timeline Review 2013

Women's Preventive Services
Already Implemented Effective 1/1/2013

Effective 1/1/2013 No cost sharing and coverage for certain in-network preventive health services, including covering certain women's preventive services such as contraceptives

PPACA Timeline Review 2013

Already Implemented 1/1/2013

- **Reporting on W-2
(Ongoing for future years)**
 - Employers with 250 employees or more must report the cost of health care coverage on the W-2 Form (Guidance provided to agencies. Memo number PA12-26 PAEX dated 12/28/2012).

PPACA Timeline Review 2013

Already Implemented 1/1/2013

Summary of Benefits and Coverage:

**[www.cs.ny.gov/sbc/pdfs/Empire Plan
Non-Grandfathered SBC.pdf](http://www.cs.ny.gov/sbc/pdfs/Empire_Plan_Non-Grandfathered_SBC.pdf)**

PPACA Timeline Review

10/1/2013

Marketplace Notice Requirement

- An EMPLOYER RESPONSIBILITY
- EBD issued Memo PA 13-10, PA EX 13-12 offering guidance on notice requirements
- Informs all employees about the OCT. 1st opening of Health Insurance Marketplace (aka Exchanges)

PPACA Timeline Review 2013

10/1/2013

Marketplace Notice Requirement (cont'd)

- Required Information outlined in Department of Labor Model Notice for employers who currently provide health insurance to employees.
- www.dol.gov/ebsa/pdf/FLSAwithplans.pdf

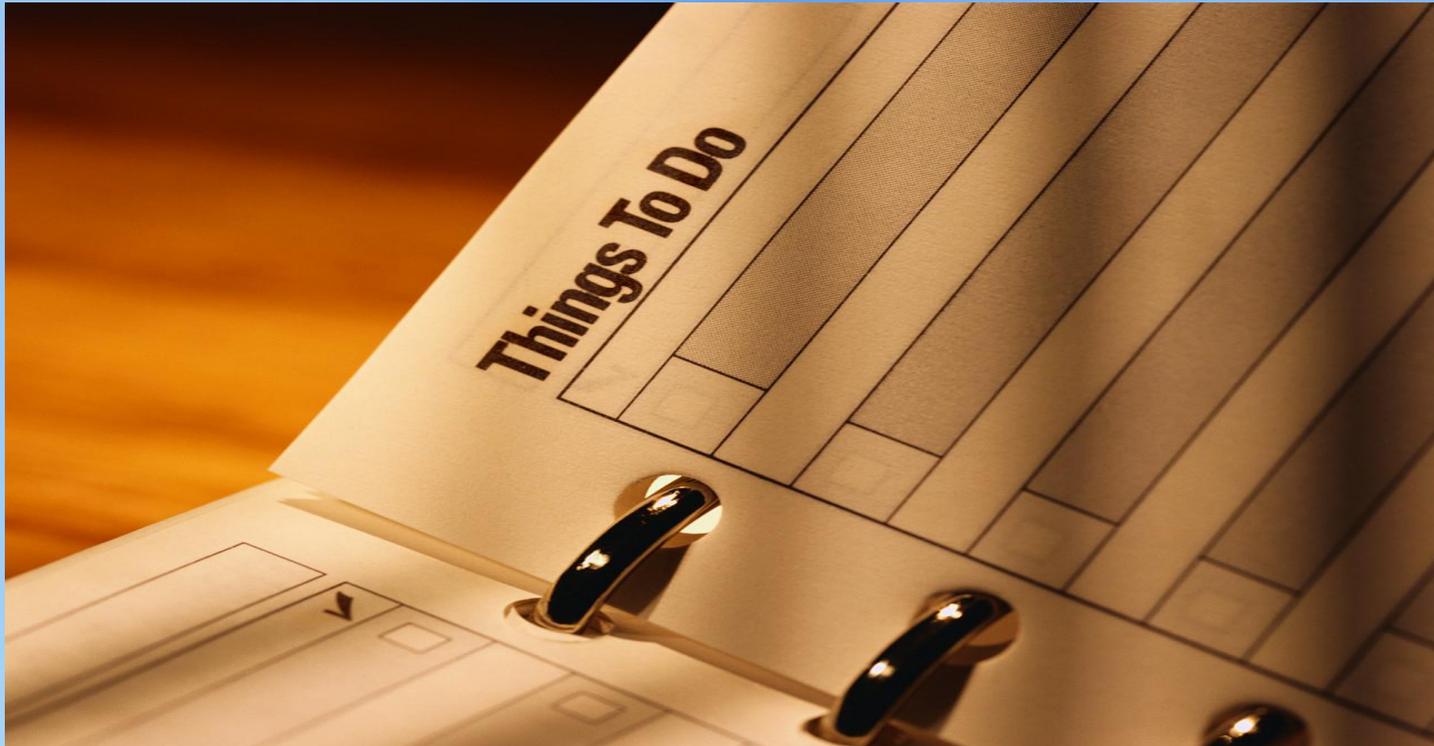
PPACA Timeline Review 2013

10/1/2013

Marketplace Notice Requirement (cont'd)

- COBRA Notice and Election form amendments
www.dol.gov/ebsa/modelectionnoticeredline.doc
Provides additions needed to COBRA election form

PPACA Upcoming Requirements



PPACA Upcoming Requirements

90-Day Limitation on Waiting Periods Effective 1/1/2014

- Effective 1/1/2014 a group health plan cannot impose a waiting period in excess of 90 days
- Current NYSHIP rules allow a waiting period of up to 6 months for new employees
- Requirement does not distinguish between full-time or part-time employees

PPACA Upcoming Requirements

Individual Mandate Effective 1/1/2014

- Individual Mandate to purchase insurance or pay penalty; Penalty is greater of:
 - Flat Dollar Amount
 - 2014 \$95/adult, \$47.50/ child; \$285 max
 - 2015 \$325/adult, \$162.50/child; \$975 max
 - 2016 \$695/adult, \$347.50/child; \$2085 max
 - Percentage of Income Amount
 - 2014, 1%
 - 2015, 2%
 - 2016, 2.5%

PPACA Upcoming Requirements

Clinical Trials 1/1/2014

- Health Plans cannot deny enrollees participation in approved clinical trials
- Plan or Issuer may not:
 - deny the qualified individual participation in an approved clinical trial with respect to the treatment of cancer or another life-threatening disease or condition
 - deny the coverage of routine patient costs for items and services received within the trial
 - discriminate against the individual based upon participation in the trial

PPACA Upcoming Requirements

Pre-existing Conditions 1/1/2014

Health Plans cannot deny enrollment based upon pre-existing conditions

- Empire Plan Already Compliant

PPACA Upcoming Requirements

Wellness Programs 1/1/2014:

Employers can increase cap on rewards to employee participating in wellness programs

PPACA Upcoming Requirements

Essential Health Benefits 1/1/2014:

Prohibits annual dollar limits on
Essential Health Benefits

- The Empire Plan is already compliant

PPACA Upcoming Requirements

Automatic Enrollment

- Employers must automatically enroll new full-time employees
- The Empire Plan currently does not Auto-Enroll

DELAYED BEYOND 2014

PPACA Upcoming Requirements

Out of Pocket (OOP) Limits

Out Of Pocket Limits

- Annual OOP cannot be set higher than \$6,350 for individuals, and \$12,700 for family

DELAYED Beyond 2014

PPACA Upcoming Requirements

Employer Shared Responsibility Mandate
delayed until 2015 (Cont'd)

- 7/02/2013 The Obama Administration delayed Employer Mandate to offer Health Insurance to Employees
- Under this provision Large Employers faced a penalty for not offering insurance to Full-Time employees, or not offering affordable and minimum value coverage
- **Requirement delayed until 2015**

PPACA Upcoming Requirements

Transparency Reporting, Delayed. Will not apply until after HHS implements requirement for Qualified Health Plans on the Exchanges, likely effective 2015

- Reporting required of employer-sponsored group health plans and issuers to the Secretary of HHS and state insurance commissioner
- Potential information:
 - Claims payment policies and practices
 - Periodic financial disclosures
 - Data on enrollment, disenrollment, denials, rating practices
 - Information on cost-sharing and payments for OON coverage

2018

- Excise Tax
 - threshold of \$10,200 for individual coverage and \$27,500 for family coverage, indexed by CPI
 - Employers are subject to a 40% Excise Tax on the difference

PPACA Requirements

We will continue to review and monitor updates and clarifications related to healthcare reform and provide updates as the information becomes available.

Defense of Marriage Act (DOMA)

On August 29, 2013, the Treasury Department and Internal Revenue Service released Revenue Ruling 2013-17 providing guidance on the taxability of health benefits for employees in a same-sex marriage. As a result, NYSHIP benefits for same sex spouses will no longer result in imputed income for Federal income tax purposes.

DOMA (Cont'd)

NYBEAS has been updated to allow health benefits administrators to add same-sex spouses using the "Spouse" dependent relationship.

Effective immediately all spouses, regardless of gender, should have their NYBEAS relationship to the employee identified as "Spouse", not "Spouse/DP".

DOMA (Cont'd)

Please do not make retroactive changes to the relationship showing on NYBEAS for those existing spouse/DP relationships at this time.

Further guidance will be issued concerning the handling of these records.

Defense of Marriage Act (DOMA)

At this time, any official guidance we received relates to the treatment of Imputed Income.

We are waiting on additional guidance, in particular, on how the ruling effects Medicare primacy rules.

DOMA (Cont'd)

For additional information Refer to <http://www.irs.gov/> Please contact your attorney or benefits consultant with any questions related to this information.

HBA online Benefits Resource Center

Reminder

As of May 2,2011

All HBA's are required to have access to HBA-On-Line .

HBA online Benefits Resource Center

- Registered for and using HBA Online – you are all set!
- Registered, but have forgotten your user ID and/or password, contact the Department of Civil Service GGC Service desk at:
1 -800 -422-3671

HBA Online Benefits Resource Center

- Not registered - please complete and submit form IRM-302, Participating Agency Request for Access to NYBEAS
- If your agency does not have access to the internet, please let us know.

HBA Online Benefits Resource Center

hba_online
benefits resource center

- You Should Know...
- Easy Reference
- Publications & Forms
- Phone Numbers / Links
- Meetings & More
- Health Plan Choices**
- HBA Manuals
- E-Learning
- HIPAA Privacy Information
- Site Map
- Help / Tutorial
- Contact Us / Disclaimer
- NYSHIP Home
- Super Search
- Suggestions

Find the **benefit**, click on the group. *Benefits vary by group.*

Current Topics

NYSHIP
For Employees of:

- New York State
- Participating Employers (PE)
- Participating Agencies (PA)
- Retired State/PE Employees

Empire Plan Providers,
Pharmacies and Services



dental

- C-82
- M/C
- NYSCOPBA
- PBA Supervisors
- PBA Troopers
- PEF
- PIA
- Courts
- SEHP

vision

- C-82
- M/C
- NYSCOPBA
- PBA Supervisors
- PBA Troopers
- PE
- PEF
- PIA
- SEHP

life

- M/C

IPP Income Protection Plan

- M/C
- Legislature
- Special Enrollees
- DC-37

survivor benefits

- New York State Active Employees

workers' compensation

- ARS Publications for Executive Branch Agencies
- ARS Manual
- Dispute Resolution
- Workers' Compensation Pharmacy Benefits
- Revised C-2 and Claimant Information Packet
- NYBEAS/ARS Upgrade
- ARS Instructions for Completing the Revised C-2 - Effective 10/01/09

HBA Online Benefits Resource Center

Tutorials Available

- New Hires
- Change in Coverage Transactions
- COBRA Transactions
- Adding an Deleting a Dependent

HBA Online Benefits Resource Center

NYBEAS Transactions:



Adding a New Hire into NYBEAS

- [New York State Agencies \(NY\)](#)
- [Participating Employers \(PE\)](#)
- [Participating Agencies \(PA\)](#)



Change in Coverage – Individual to Family

- [New York State Agencies \(NY\)](#)
- [Participating Employers \(PE\)](#)
- [Participating Agencies \(PA\)](#)



Change in Coverage – Family to Individual

- [New York State Agencies \(NY\)](#)
- [Participating Employers \(PE\)](#)
- [Participating Agencies \(PA\)](#)



COBRA Transactions

- [Enrollee Termination - COBRA Family Enrollment](#)
- [Deleted Dependent - COBRA Enrollment](#)



Dependent Delete

- [New York State Agencies \(NY\)](#)
- [Participating Employers \(PE\)](#)
- [Participating Agencies \(PA\)](#)



Enrollee Address Change

- [New York State Agencies \(NY\)](#)
- [Participating Employers \(PE\)](#)
- [Participating Agencies \(PA\)](#)



Enrollee Termination

- [New York State Agencies \(NY\)](#)
- [Participating Employers \(PE\)](#)

HBA Online Benefits Resource Center

HBA memos

- A system announcement is posted to NYBEAS when a memo for Participating Agencies is issued.
- All HBA memo's are located on HBA on-line.

HBA Online Benefits Resource Center

A NYBEAS System Announcements is issued to announce when a memo has been issued. For example:

A new memo has been posted to HBA Online for Health Benefits Administrators (HBAs) in Participating Agencies with The Empire Plan (PA) and Participating Agencies with The Excelsior Plan (PAEX). Please visit HBA Online at:

<https://www.cs.ny.gov/ebdonline/ebdonlinecenter/hbamem/index.cfm> to view this recent memo posting.

- **HBA MEMO:** PA13-12 / PAEX13-13
- **SUBJECT:** 2013 NYSHIP Regional Meetings for Participating Agencies
- **DATE:** August 26, 2013

HBA Online Benefits Resource Center

HBA Manual

The Manual For Participating Agencies is available on HBA online.

This manual outlines the official procedures for the administration of NYSHIP is available on HBA online.

The manual is now being updated. Please provide our office with any suggestions you may have.

HBA Online Benefits Resource Center

Publications and Forms

HBA online benefits resource center

NYSHIP publications and forms are located on HBA online. Some examples include:

- Participating Provider Directory
- Empire Plan At A Glance
- Medicare & NYSHIP

HBA Online Benefits Resource Center

Participating Provider Directory Update

The 2013 Empire Plan Participating Provider Directories are now available for Upstate New York/Vermont/Massachusetts, Downstate New York, Connecticut and New Jersey.

Directories for other states/regions will be available soon.

HBA Online Benefits Resource Center

Participating Provider Directory

For Agencies: Agencies are sent a supply of Participating Provider Directories.

For Enrollees: Participating Provider Directories are mailed to enrollees upon the enrollees' request only. Post cards are mailed to all enrollees to advise when the new directory is available. The post card can then be returned to request one as needed.

HBA Online Benefits Resource Center

Creditable Coverage Notice and CHIP Notice

The required annual **Creditable Coverage Notice and Children's Health Insurance Program (CHIP) Notice** were mailed to enrollees between October 1st and October 10th.

HBA Online Benefits Resource Center

Creditable Coverage Letter

The Creditable coverage notice explains that The Empire Plan and all NYSHIP HMOs offer coverage that is “creditable”, or has met certain federal benchmarks.

The Creditable coverage notice explains that The Empire Plan and all NYSHIP HMOs offer coverage that is “creditable”, or has met certain federal benchmarks.

HBA Online Benefits Resource Center CHIP Notice

The Children's Health Insurance Program (CHIP) Notice

The CHIP Notice, also a required annual notice, will be enclosed with the Creditable Coverage Letter to save postage costs. It explains the Medicaid and CHIP offer of free or low-cost health coverage for children and families who might need this assistance.

HBA Online Benefits Resource Center

Creditable Coverage and CHIP Notices

The Creditable Coverage and CHIP notices are posted in the Notices section of the public web site, NYSHIP Online, and HBA Online. We are not doing a paper distribution to agencies. If an enrollee needs a copy, please print it out from the web site.

If you have questions about the distribution of these required notices, please call the Communications Unit at 518-457-7577.

HBA Online Benefits Resource Center 65th Birthday Letter

This publication is mailed to retirees as part of our 65th birthday mailing that reminds them about enrolling in Medicare when they turn 65. It might be helpful to include as a part of your retiree packages.

A copy of the 65th birthday letter can also be found on HBA Online.

Communications

Some communications you can expect to receive now and through the end of the year include:

Creditable Coverage Letter and CHIP Notice
Empire Plan & Excelsior At a Glance
Medicare and NYSHIP
Empire Plan & Excelsior Plan Reports

Prescription Drug Cards

As a result of the vendor change for the Prescription Drug component of the Empire Plan:

Empire Plan enrollees can expect to receive a temporary prescription drug card that will identify the new CVS Caremark vendor code to the Pharmacist for claims submission. Once the pharmacy obtains the new vendor information, enrollees should no longer need to supply the temporary card to the pharmacy.

Prescription Drug Cards

As a result of the vendor change for the Prescription Drug component of the Excelsior Plan:

Excelsior Plan enrollees can expect to receive a temporary prescription drug card that will identify the new CVS Caremark vendor code to the pharmacist for claims submission. Once the pharmacy obtains the new vendor information, enrollees should no longer need to supply the temporary card to the pharmacy. In addition, Excelsior plan members will be issued new Excelsior Plan cards. The reason is because the former Bin# associated with the former drug vendor is listed on the card will no longer apply.

EBD Contacts for PA HBAs

For questions related to :

- How to process transactions
- Eligibility
- NYBEAS access
- HBA Memo's

Call 518-474-2780

EBD Contacts for PA HBAs

For questions related to:

- NYSHIP Policies
- Civil Service Law
- Presidents Regulations
- Changes in eligibility criteria for new employees and retirees

Call 518-485-1771

Questions



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