EMPIRE PLAN REPORT

JANUARY 2010

NEW YORK STATE HEALTH INSURANCE PROGRAM (NYSHIP)
FOR EMPLOYEES OF THE STATE OF NEW YORK
REPRESENTED BY CIVIL SERVICE EMPLOYEES ASSOCIATION
And for their enrolled Dependents,
COBRA Enrollees with their Empire Plan Benefits and Young Adult Option Enrollees

Read this Report for important information about benefit changes.

SAVE THIS REPORT

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NYSHIP General Information Book and Empire Plan Certificate Amendments

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Copayments

See pages 302 and 303 of your Empire Plan Certificate Amendments for a complete list of your 2010 copayments.

NYSHIP Changes

Young Adult Option Coverage

As the result of a change in NYS Insurance Law, effective January 1, 2010, unmarried young adults through age 29 are eligible for NYSHIP health insurance coverage under the "Young Adult Option."

The Young Adult Option does not change NYSHIP's maximum age criteria for dependent coverage available to enrollees, but allows the adult child of an enrollee who meets the established criteria to purchase individual health insurance coverage through NYSHIP when the young adult does not otherwise qualify as a NYSHIP dependent. Either the young adult or his/her parent may enroll the young adult in the Young Adult Option, and either may elect to be billed for the NYSHIP premium. The cost of the Young Adult Option is the full share Individual premium. Refer to the Amendment on page 268 for eligibility criteria and other additional details.

A young adult is entitled to the same health insurance coverage as his/her parent provided the young adult lives, works or resides in New York State or the insurer's service area. Additionally, NYSHIP will permit a young adult to enroll in any other NYSHIP option for which the young adult otherwise qualifies under NYSHIP rules. This means that a young adult may:

- Enroll in The Empire Plan regardless of the parent's option;
- Enroll in the same HMO as the parent if the young adult lives, works or resides in the HMO's service area or in New York State; or
- Enroll in a NYSHIP HMO that the parent is not enrolled in if the young adult lives, works or resides within the HMO service area.

There is an initial open enrollment period for the Young Adult Option throughout 2010. Beginning in 2011 there will be a 30-day annual open enrollment period. Additionally, a young adult may enroll when NYSHIP eligibility is lost due to age or when a young adult is newly eligible because of a change in circumstances, such as loss of employer-sponsored health benefits.

The Young Adult Option application, rates and FAQs are available on the Department's web site at: https://www.cs.state.ny.us/youngadultoptionnype/index.cfm. Or you may contact the Employee Benefits Division at 518-457-5754 (Albany area) or 1-800-833-4344 for additional information and to enroll.

Changes to NYSHIP eligibility for adult children resulting from the recently enacted Federal Health Care Reform will take effect January 1, 2011. Details regarding eligibility criteria and the cost of this coverage are subject to Federal regulations, which have not yet been issued. Information will be mailed to enrollees and posted to our web site when it becomes available.

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NYSHIP Changes, continued from page 1

New York State: Supplemental Continuation of Coverage

Effective January 1, 2010, The Empire Plan adopted New York State legislation to allow enrollees who have exhausted their federal Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage to extend NYSHIP coverage for an additional 18 months under the state's continuation of coverage law.

Under the new legislation, if you lose COBRA coverage because you have reached the end of your 18 or 29 month continuation period, you may request additional coverage under the New York State Insurance Law that will extend coverage until the earlier of:

- 36 months (combined length of COBRA and New York State coverage);
- The end of the period in which premiums were last paid;
- The date the enrollee becomes entitled to Medicare benefits; or
- The date New York State no longer provides group health care coverage to any of its enrollees.

Enrollees will have 60 days from the later of the end of their COBRA continuation period or receipt of notice of eligibility to apply in writing for the New York State Continuation of Coverage. The cost of coverage continuation will be the full premium cost for individual coverage plus a two percent administrative fee.

Important Information about the Pre-Tax Contribution Program (PTCP) for Enrollees with Domestic Partners

Effective January 1, 2010, NYSHIP enrollees who are eligible for the PTCP and who cover a domestic partner will be able to have their full premium contribution for the cost of family health insurance coverage deducted from their employee wages before taxes are withheld. If you cover a domestic partner who is not a federally qualified dependent, you continue to be responsible for reporting the value of the coverage provided to the domestic partner on your income tax return. The Department of Civil Service sends you form 1099-MISC showing this amount after the end of each tax year. Please consult your tax advisor for additional information or guidance.

If you cover a domestic partner, your payroll deduction for NYSHIP family coverage will automatically be taken on a pre-tax basis unless you have filed form PS-404 with your agency Health Benefits Administrator indicating that you want to opt out of the PTCP. We are in the process of implementing this change and anticipate that the tax status changes needed for PTCP payroll deductions will be completed during the first quarter of the year with an effective date of January 1, 2010.

Benefit Changes

2010 Annual Deductible and Coinsurance Maximum for Basic Medical and Non-Network Mental Health and Substance Abuse Practitioner Services

Annual Deductible: $250
Coinsurance Maximum: $500

For calendar year 2010, The Empire Plan annual deductible for services performed and supplies prescribed by non-participating or non-network providers is $250 for you, $250 for your enrolled spouse/domestic partner and $250 for all covered dependent children combined.

You must meet the deductible before benefits are paid for your claims. The annual deductible for the Basic Medical Program and the non-network portion of the Mental Health and Substance Abuse Program cannot be combined with each other or with the Managed Physical Medicine Program annual deductible for non-network services.

Effective January 1, 2010, the coinsurance maximum (out-of-pocket expense) is $500 for you, $500 for your enrolled spouse/domestic partner and $500 for all covered dependent children combined. After each coinsurance maximum is reached, you will be reimbursed 100 percent of the reasonable and customary amount, or 100 percent of the billed amount, whichever is less, for covered services. You will still be responsible for any charges above the reasonable and customary amount and for any penalties under the benefits management programs.

Each Basic Medical coinsurance maximum of $500 will be reduced to $300 for employees in or equated to a salary grade 6 or below as of January 1, 2010.

UnitedHealthcare will automatically apply the reduced coinsurance maximum to employees who meet the requirements. The employee does not need to contact the agency Health Benefits Administrator to apply for the reduction.

Enhanced Hearing Aid Benefits through EPIC Hearing Service Plan

The Empire Plan has enhanced its hearing aid benefit for enrollees and eligible dependents with the addition of the Hearing Service Plan (HSP), provided by EPIC Hearing Healthcare. The EPIC HSP is a voluntary program that offers nationwide access to hearing aids and services. The Program's review process assures you are receiving all appropriate tests and services as well as the most appropriate technology for the best price.

Although your hearing aid benefit maximum remains unchanged, the EPIC HSP offers you and your eligible dependents an additional option in utilizing your hearing aid benefit. The

EPIC HSP coordinates access to quality hearing care professionals throughout the State of New York and the nation and allows for direct billing to the Plan, up to the maximum benefit, so enrollees do not have to pay any upfront costs for hearing aids. Any amount over the maximum benefit is your responsibility.

The EPIC HSP provides the following:

- Hearing aid professionals available in all 50 states
- Access to all major hearing aid manufacturers
- Prices are never marked up from wholesale
- Hearing aid price lists are provided to enrollees and dependents upon request
- All hearing aids carry an extended three-year warranty, include the first year's supply of batteries and have a 45-day, no risk trial period in New York State

If you would like to learn more about the EPIC HSP, or if you need assistance in locating an HSP provider, please call toll free 866-956-5400.

Immunization Coverage

Immunizations have become a topic of interest this year because of the Novel H1N1 (swine flu) virus. As a result, it is very important that Empire Plan enrollees understand their coverage for immunizations.

There is no copayment under the Participating Provider Program for routine well-child care for children up to age 19 including pediatric examinations, immunizations and the cost of oral and injectable substances when administered according to pediatric care guidelines. The H1N1 vaccine is included in the vaccines offered to children under pediatric care guidelines. Coverage is also available under the Basic Medical Program subject to deductible and coinsurance.

Adult immunizations are covered when provided by a participating provider. You pay only a copayment for influenza (including the H1N1 vaccine), pneumonia, measles-mumps-rubella (MMR), varicella (chickenpox) and tetanus immunizations. Female enrollees and dependents age 19 through 26 years pay a copayment for human papiloma virus (HPV) immunization for cervical cancer prevention, and Empire Plan enrollees and dependents age 55 or older are covered for the Shingles (Herpes Zoster) vaccine. If an immunization is not identified as covered it will not be considered for reimbursement. Adult immunizations are not covered under the Basic Medical Program.

IMPORTANT! Vaccines dispensed or administered by the pharmacy are not covered by The Empire Plan.

The Empire Plan Future Moms Program

This voluntary program is offered to Empire Plan enrollees at no additional cost and provides support and information designed to help you have a smooth pregnancy, a safe delivery and a healthy child. If you're pregnant, or hope to be in the near future, you know there's nothing more important than safeguarding your health and the health of your baby.

When you enroll in Future Moms, you'll be contacted by a Nurse Coach, a registered nurse, who will walk you through a health assessment over the phone. If you're not currently experiencing any health concerns, your Nurse Coach will simply arrange to check back with you periodically. But, if you need assistance in dealing with health issues, your Nurse Coach will schedule more frequent calls to check on your progress. Your Nurse Coach can also arrange for a free phone consultation with a specialist to answer your questions. Registered nurses are available 24 hours a day 7 days a week to answer your questions.

If you are interested in the Future Moms Program, call The Empire Plan toll free at 1-877-7-NYSHIP (1-877-769-7447) and choose Empire BlueCross BlueShield to enroll in the program.

The Empire Plan Half Tablet Program

Some recent articles have questioned the safety and efficacy of pill splitting programs. In most, the conclusion is that pill splitting programs are safe and save the patient money if the medications are clinically determined to be safe for splitting. The Empire Plan Half Tablet Program offered by The Empire Plan and administered by UnitedHealthcare provides many safeguards to mitigate against any possible safety questions.

The Empire Plan requires the following clinical criteria for medications to qualify for the Half Tablet Program:

- Each drug accepted for the Half Tablet Program must be approved by UnitedHealthcare's National Pharmacy and Therapeutic Committee.
- Medications must have a wide margin of safety so that minimal differences in tablet sizes, after splitting, will not disturb the efficacy of the medicine.
- Tablets must be able to be split relatively evenly without crumbling.
- Medications must remain chemically stable after splitting.
- Capsules, liquids, topical medications and certain coated tablets do not qualify.

You should only participate in the program if your doctor determines that pill splitting is appropriate for you.

For an updated list of the medications eligible for the Half Tablet Program go to https://www.cs.state.ny.us and select Benefit Programs in the left hand navigation on the home page. Follow the prompts to NYSHIP Online then choose Find a Provider. Scroll to the Medco links and click on Empire Plan Half Tablet Program. If you have other questions, call The Empire Plan toll free at 1-877-7-NYSHIP (1-877-769-7447) and choose The Empire Plan Prescription Drug Program.

Reminders

Dependent Verification

In the January 2009 Empire Plan Report and through information you received from Budco Health Service Solutions (Budco), we notified enrollees with family coverage that they were required to submit documentation of eligibility for each of their dependents (covered under NYSHIP) to Budco, the vendor contracted to perform the Dependent Eligibility Verification Project. If you received a letter from Budco stating that your dependent is ineligible because you did not respond to their request for documentation, or because you submitted incomplete documentation, your dependent was removed from coverage retroactively to February 1, 2009.

To reinstate coverage for any eligible dependents removed from coverage, you must provide proof of eligibility directly to the Department of Civil Service.

If you have questions, please visit the Department of Civil Service web site at www.cs.state.ny.us/nyshipeligibilityproject or call 1-800-409-9059 Monday through Friday 8:00 a.m. to 5:00 p.m. Eastern Time. The toll free telephone number will be available through June 30, 2010.

The Empire Plan At A Glance and Copayment Cards

In late November 2009, the January 1, 2010 *Empire Plan At A Glance* along with January 1, 2010 Copayment Cards and the 2010 Preferred Drug List were mailed to your home. These are important pieces to understand your 2010 benefits; be sure to read them and keep them handy. If you need additional copayment cards, contact your agency Health Benefits Administrator.

Medicare Part B Premium Reimbursement

For most enrollees eligible for Medicare, the base cost for the Medicare Part B premium is $96.40 per month, the same as it was in 2009. However, if you and/or your covered dependent are new to Medicare in 2010 or if your Part B premium is not deducted from your Social Security check(s) the standard Part B premium for 2010 will be $110.50 per month.

If you or your dependent is Medicare primary, NYSHIP automatically reimburses you for the base cost of the Part B premium unless you receive reimbursement from another source. Due to programming constraints, NYSHIP cannot automatically reimburse you for a premium amount other than the standard premium of $96.40. Therefore, if you or your dependent pays a higher premium, you will need to apply for reimbursement of any amount over $96.40. During May, the Department of Civil Service will mail information to enrollees who receive Medicare Part B reimbursement for themselves and/or a dependent that will explain how to request reimbursement of the additional $14.10 for those paying $110.50 per month. Note: NYSHIP will not reimburse any penalty charged for late enrollment in Medicare, nor will it duplicate Medicare reimbursement received from another employer.

Reimbursement of the Medicare Part B Income-Related Monthly Adjustment Amount (IRMAA) for Medicare-Primary Enrollees

Medicare Law requires some people to pay a higher premium for their Medicare Part B coverage based on their income. If you and/or any of your enrolled dependents are Medicare-primary and received a letter from the Social Security Administration (SSA) requiring the payment of an Income-Related Monthly Adjustment Amount (IRMAA) in addition to the standard Medicare Part B premium ($96.40) for 2009, you are eligible to be reimbursed for this additional premium by NYSHIP.
Note: If your 2007 adjusted gross income was less than or equal to $85,000 ($170,000 if you filed taxes as married filing jointly) you are NOT eligible for any additional reimbursement this year.

To claim the additional IRMAA reimbursement, eligible enrollees are required to apply for and document the amount paid in excess of the standard premium. For information on how to apply, a list of the documents required or questions on IRMAA, check the Department of Civil Service web site at https://www.cs.state.ny.us. Choose Benefit Programs on the home page, then NYSHIP Online and select your group, if prompted. The IRMAA letter was mailed to Medicare Part B reimbursement-eligible enrollees in January 2010 and is available under What's New on the NYSHIP Online home page. Or call the Employee Benefits Division at 518-457-5754 (if you are located in the 518 area code) or 1-800-833-4344 between the hours of 9:00 a.m. and 3:00 p.m.

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Pre-Retirement Seminars

The Governor's Office of Employee Relations (GOER) in partnership with the Office of the State Comptroller presents Pre-Retirement Seminars. As part of the seminars, a representative from the Employee Benefits Division will explain the New York State Health Insurance Program (NYSHIP) and your choices before you leave the payroll.

Call your personnel office to learn if there is a seminar available in your area and to reserve your place. Be sure to bring your personal confirmation letter from GOER when you attend. The New York State Department of Civil Service web site, https://www.cs.state.ny.us, also has the seminar schedule. Click on Benefit Programs, select your group and benefit plan if prompted, and then on Calendar.

Since demand is greater than available seating at the seminars, you can also access helpful online pre-retirement resources at www.worklife.state.ny.us/preretirement/index.html or www.osc.state.ny.us/retire.

There is also a helpful 25-minute DVD, Planning for Retirement, and a companion booklet that can be ordered online at https://www.cs.state.ny.us. Click on Benefit Programs, then NYSHIP Online and select Planning to Retire? for more information.

The 2010 Census

The census is a count of everyone living in the United States. This includes people of all ages, races, ethnic groups, both citizens and non-citizens. Census questionnaires will be mailed in March 2010.

It's Easy - The questionnaire contains only a few simple questions and takes just a few minutes to answer and return, postage free, by mail.

Safe - The Census Bureau protects information that identifies respondents and their households for 72 years.

And Important - It determines the annual distribution of $300 billion of government funding for critical community services and generates thousands of jobs across the country. Participation ensures New Yorkers get their fair share of government funding, census jobs and Congressional seats.

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Please do not send mail or correspondence to the return address. See below for address information.

SAVE THIS DOCUMENT

Information for the Enrollee, Enrolled Spouse/
Domestic Partner and Other Enrolled Dependents

CSEA Empire Plan Report – January 2010

It is the policy of the State of New York Department of Civil Service to provide reasonable accommodation to ensure effective communication of information in benefits publications to individuals with disabilities. These publications are also available on the Department of Civil Service web site (https://www.cs.state.ny.us). Click on Benefit Programs, then NYSHIP Online for timely information that meets universal accessibility standards adopted by New York State for NYS agency web sites. If you need an auxiliary aid or service to make benefits information available to you, please contact your agency Health Benefits Administrator. New York State and Participating Employer Retirees and COBRA Enrollees: Contact the Employee Benefits Division at 518-457-5754 (Albany area) or 1-800-833-4344 (U.S., Canada, Puerto Rico, Virgin Islands).

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Annual Notice of Mastectomy and Reconstructive Surgery Benefits

The Empire Plan covers inpatient hospital care for lymph node dissection, lumpectomy and mastectomy for treatment of breast cancer for as long as the physician and patient determine hospitalization is medically necessary. The Plan covers all stages of reconstructive breast surgery following mastectomy, including surgery of the other breast to produce a symmetrical appearance. The Plan also covers treatment for complications of mastectomy, including lymphedema. Prostheses and mastectomy bras are covered.

Call The Empire Plan toll free at 1-877-7-NYSHIP (1-877-769-7447) and select UnitedHealthcare if you have questions about your coverage for implants, breast forms or other prostheses related to breast cancer treatment.

Empire Plan Benefits Management Program requirements apply. See your *Empire Plan Certificate* and *Empire Plan Reports*.

The *Empire Plan Report* is published by the Employee Benefits Division of the State of New York Department of Civil Service. The Employee Benefits Division administers the New York State Health Insurance Program (NYSHIP). NYSHIP provides your health insurance benefits through The Empire Plan.

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