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Ethel Graber

*Vice President & General Manager
 (518) 367-5407*

December 23, 2014

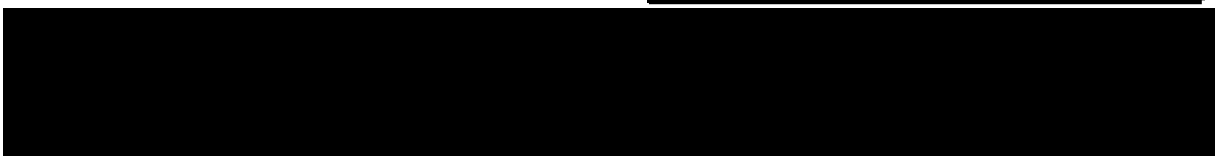
Mr. Dave Boland, Director
 New York State Department of Civil Service
 Employee Benefits Division –Room 1106
 Albany, New York 12239

Dear Mr. Boland:

As a follow-up to the renewal and the recent discussions between Empire BlueCross BlueShield and the Department of Civil Service, we have evaluated the administrative fees for the Empire Plan Hospital Program. As requested, we have identified areas, most notably in future contract years, where we can provide administrative savings and subsequent reductions to the administrative fees for the Hospital Program.

This reduction is solely based on administrative efficiencies and there will be no reduction in service levels or the level of integration between the Hospital Program and the other Empire Plan vendors. We will continue to provide you with a level of service and integration unmatched by any other Hospital only client. As a long-term partner, we are committed to helping you achieve your financial objectives. If we are able to secure a commitment to continue our long-standing relationship, Empire BlueCross BlueShield is prepared to offer the following administrative fees for the 2015, 2016 and 2017 contract years:

	2015	2016	2017
Per Contract Per Month Admin Fee			
Variable Admin Fee Based on % of Equivalent Premium			
Estimated Total Admin Fee			



Consistent with current practice, our proposed PCPM and variable administrative fee excludes the following charges, which will continue to be charged separately to the Empire Plan:



We look forward to discussing this proposal with you as Empire BlueCross BlueShield places the highest value on our relationship with New York State and the Department of Civil Service. If the Department agrees to the terms as provided, please sign and return this letter. With your agreement we will amend the previously provided Letter of Intent to reflect the administrative fees above and provide to the Department for review.

In witness hereof, each of the parties agrees the terms outlined above to be executed by a duly authorized representative.

**NYS Department of Civil Service
Employee Benefits Division – Room 1106
Albany, NY 12239**

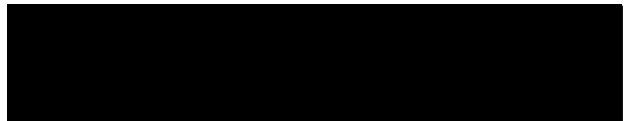
**Empire BlueCross BlueShield
11 Corporate Woods Boulevard
Albany, NY 12211**



Signature & Date

Jerry Boone, Commissioner

Print Name & Title



By:

Signature & Date

Ethel Grober VP+ GM

Print Name & Title