



11 Corporate Woods Boulevard  
Albany, NY 12211  
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**Ethel Graber**  
Vice President & GM  
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November 21, 2013

Mr. Robert DuBois, CEBS  
Director  
New York State Department of Civil Service  
Employee Benefits Division –Room 1106  
Albany, New York 12239

Dear Mr. DuBois:

As discussed, the New York State Empire Plan Hospital Program will be converted to an Administrative Service Only (ASO) agreement effective January 1, 2014. This letter confirms agreement to the terms of Empire BlueCross BlueShield's ("Empire") ASO proposal dated June 28, 2013 provided by Empire to the New York State Department of Civil Service ("Department").

The term of the initial agreement will be two years. The base ASO fee for 2014 will [redacted] the 2013 base retention fee. The 2015 base ASO fee also will represent a [redacted] 2014 base ASO fee.

[redacted] Projected plan liability is defined as the sum of claims related charges [redacted] and the administrative service fees owed by the Department [redacted]

The fees are as follows:

Two Year Agreement	
Year	Fee
2014	[redacted]
2015	[redacted]

In conjunction with the chart above, both parties agree that the proposed PCPM portion of the base administrative fees will be reduced by [redacted] in a given month as determined by Empire based on its membership counts for the Hospital Program.

[redacted]



Under the ASO arrangement, the State is liable for all claims and expenses incurred by the Program during the contract period. Additionally, both parties agree to immediately enter into good faith negotiations to reach a mutually acceptable agreement on the Letter of Intent by January 1, 2014 documenting the intent of the parties to negotiate an Administrative Services Agreement for the provision of certain administrative services by Empire to the New York State Empire Plan Hospital Program.

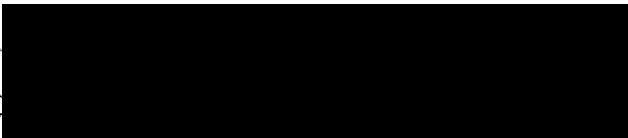
In witness hereof, each of the parties agrees the terms outlined above to be executed by a duly authorized representative.

**NYS Department of Civil Service**

**Empire BlueCross BlueShield**

**Employee Benefits Division – Room 1106  
Albany, NY 12239**

**11 Corporate Woods Boulevard  
Albany, NY 12211**

By: 

By: 

Signature & Date

Signature & Date

Robert W. DeBoer, Dir. EBD  
Print Name & Title

Ethel Graber VP + GM  
Print Name & Title

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