



memo

TO: Executive Board and Council Leaders
FROM: Deborah Stayman and Lorraine Simpkins
DATE: December 2, 2011
RE: 2012 Empire Plan & HMO Premium Rates/Option Transfer Period

The Empire Plan and HMO premium rates for the year 2012 have been approved and were distributed to state agencies yesterday. Pursuant to the authority established in NYS Insurance Law Section 4235 (j) (1), (2) and (3), Empire Plan premiums are adjusted annually based on plan experience. The PEF/NYS contract does not give PEF authority to negotiate premium rates.

The 2012 Empire Plan premium rates will increase by 2.6% for individual coverage and increase by 3.4% for family coverage as indicated in the table below. HMO rates are attached to this memo.

Type of Coverage	10/1/11 Biweekly Premium Contribution	2012 Biweekly Premium Contribution	\$ Change from 2011 to 2012	% Change from 2011 to 2012
Individual	\$42.79	\$43.90	\$1.11	+2.6%
Family	\$153.00	\$158.19	\$5.19	+3.4%

To put these changes into perspective, the table below shows increases of other large employer health plans, comparing plans similar to the Empire Plan where possible.

Employer Group or Survey	Percent Change*
Empire Plan	+2.6 % individual/+3.4 % family
Federal Employees Health Benefits Program	+3.8 % average
California State Employees - Preferred Provider Organization (PPO)	+4.1 %
Segal Cost Trend Survey - Preferred Provider Organizations (PPOs) and Point of Service (POS) Plans	+9.5 %

*Separate increases for individual and family premiums are only available for the Empire Plan. Increases for other plans represent an average of individual and family premium increases.

The following table shows how the 2011-2012 annual rate increase compares with Empire Plan annual rate increases from the previous two years.

Plan Year	Percent Increase	
	Individual Rate	Family Rate
2011-2012	+2.6%	+3.4%
2010-2011	-0.4%	+4.1%
2009-2010	+3.7%	+2.6%

The terms of the 2011-2015 PS&T contract ratified on November 3, 2011 include a retroactive increase in the share of the health insurance premium cost for employees. For employees SG 10 and above, the premium share increased from 10% to 16% for individual coverage and from 25% to 31% for dependent coverage effective October 1, 2011. The State will collect the amount owed in retroactive premium from the six (6) biweekly paychecks beginning with the paycheck dated 12/29/11 for the Institutional Lag payroll and the paycheck dated 1/4/12 for the Administration Lag payroll. The amount of the adjustment will be based on the health plan option in which the employee is enrolled at the time the retroactive premium is collected (which may not be the same health plan option in which the employee was enrolled during the months of October and November). Once the six (6) biweekly adjustments are taken, the employee's biweekly premium deduction will decrease to the 2012 premium rate. The attached table, "Calculation of 1/1/12 Rates with Retroactive Premium," indicates the amount of the retroactive premium added to the 2012 premium rates for the period January 1, 2012 through March 31, 2012.

If the increase in the employee premium share had been implemented effective 10/1/11, the higher biweekly premium deductions would have started with the paycheck dated 9/28/11 for the Administration Lag payroll and the paycheck dated 10/6/11 for the Institution Lag payroll. Because the higher deductions due to the premium shift did not actually start until the paycheck dated 11/23/11 for the Administration Lag payroll and the paycheck dated 12/1/11 for the Institution Lag payroll, the State is entitled to collect the retroactive premium expense.

The option transfer period will run through December 30, 2011. If anyone is considering changing health plans, they should act quickly. Deductions for the 2012 plan year will begin on January 4, 2012 for Administration Lag Payroll employees, and on December 29, 2011 for Institution Lag Payroll employees.

The *NYSHIP Rates and Deadlines for 2012* flyer will be mailed directly to employees' homes. In the meantime, members can get option transfer information, including the premium rates, on the Department of Civil Service web site at www.cs.state.ny.us. Scroll down sidebar on the left, click on "Benefit Programs" and follow the instructions to access "NYSHIP Online." Then, click on "Health Benefits and Option Transfer." Employees can also download, print and complete the PS-404 form required to change health plan options, and then bring it to their HBA for processing on or before December 30, 2011. Or, employees can change their option online using MyNYSHIP. We will post the rates on the PEF web site at www.pef.org as soon as possible.

Since changes to the Empire Plan Flexible Formulary may affect enrollees' out-of-pocket expenses for prescription drugs, members who enrolled in the Health Care Spending Account (HCSAccount) may be concerned that their election amount will now be too low or too high. The State allows employees who enrolled in the HCSAccount by the 11/14/11 deadline to change their election amount. After a member enrolled in the HCSAccount, FBMC, the HCSAccount administrator, sent him or her a letter confirming the amount set aside for 2012. Members can change their election amount on this letter and return it to FBMC using the fax number indicated in the letter. **FBMC must receive the request to change the election amount no later than 12/9/11.** Members who have questions regarding the procedure for changing their election amount should contact FBMC at 1-800-342-8017.

Twelve (12) of the twenty (20) HMO options have biweekly premium deductions over \$200 for family coverage; six (6) HMO options (Aetna, Empire BCBS Downstate and Mid-Hudson, GHI-Albany Region and Hudson Valley & Ulster Regions and MVP North Region) will have a biweekly deduction over \$300; five (5) HMO options will have a biweekly deduction over \$400 (Aetna, Empire BCBS Downstate & Mid-Hudson and GHI-Albany Region and Hudson Valley & Ulster Regions) and one (Aetna) will have a biweekly deduction over \$500. We ask that you remind members to check their health plan rates now to avoid an unpleasant surprise in their first biweekly paycheck with the new deductions.

Neither PEF nor the state has the authority to negotiate HMO rates, which are community rated. Community rating means all enrollees in an HMO are pooled and charged the same premium for the same benefits. The HMO premium cap limits the state's contribution to HMO premiums to an amount no greater than the cost of Empire Plan hospital/medical/mental health and substance abuse premiums. Any amount of HMO premium greater than the Empire Plan's for these components must be paid in full by the enrollee.

It is important to look at more than premium contributions and copayments when selecting or remaining with an HMO. By now, all members enrolled in an HMO should have received side-by-side comparisons illustrating any benefit changes their HMOs will implement for plan year 2012. PEF does not negotiate the level of benefits provided by each HMO. HMOs can change their benefits from year to year and many do.

Please share this information with your members. Members who have questions about the rates may call Deborah Stayman or Lorraine Simpkins at 1-800-342-4306 or 518-785-1900 ext. 283.

cc: PEF Staff

Attachments

SG 10 and Above Biweekly Health Insurance Premium Contributions: Comparison of Current and 4/1/12 Rates

<u>Plan</u>	<u>Current Rates</u>	<u>4/1/12 Rates</u>	<u>Amount of Change</u>	<u>Plan</u>	<u>Current Rates</u>	<u>4/1/12 Rates</u>	<u>Amount of Change</u>			
Empire Plan	Individual	\$42.79	\$43.90	\$1.11	2.6%	GHI-Hudson Valley & Ulster (350) Individual Family	\$151.60	\$152.52	\$0.92	0.6%
	Family	\$153.00	\$158.19	\$5.19	3.4%		\$488.55	\$492.76	\$4.21	0.9%
Aetna	Individual	\$119.92	\$135.63	\$15.71	13.1%	HIP of NY Individual Family	\$65.26	\$71.59	\$6.33	9.7%
	Family	\$490.22	\$533.77	\$43.55	8.9%		\$210.40	\$222.16	\$11.76	5.6%
Blue Choice	Individual	\$34.05	\$34.25	\$0.20	0.6%	HMO Blue-Syracuse & Binghamton Reg (072) Individual Family	\$98.78	\$94.18	-\$4.60	-4.7%
	Family	\$125.19	\$132.29	\$7.10	5.7%		\$296.76	\$283.15	-\$13.61	-4.6%
CDPHP-Capital (063)	Individual	\$40.83	\$37.84	-\$2.99	-7.3%	HMO Blue-Utica & Watertown Reg (160) Individual Family	\$80.71	\$105.78	\$25.07	31.1%
	Family	\$157.94	\$144.42	-\$13.52	-8.6%		\$278.41	\$340.95	\$62.54	22.5%
CDPHP-Central (300)	Individual	\$78.05	\$66.71	-\$11.34	-14.5%	Independent Health Individual Family	\$39.25	\$55.04	\$15.79	40.2%
	Family	\$251.34	\$218.27	-\$33.07	-13.2%		\$150.72	\$190.43	\$39.71	26.3%
CHPHP-Hudson Valley (310)	Individual	\$87.67	\$71.44	-\$16.23	-18.5%	MVP-Rochester (058) Individual Family	\$33.72	\$34.78	\$1.06	3.1%
	Family	\$275.22	\$229.76	-\$45.46	-16.5%		\$128.62	\$132.51	\$3.89	3.0%
Community Blue	Individual	\$40.57	\$42.94	\$2.37	5.8%	MVP-East (060) Individual Family	\$35.40	\$37.80	\$2.40	6.8%
	Family	\$208.01	\$194.23	-\$13.78	-6.6%		\$135.15	\$144.24	\$9.09	6.7%
Empire BCBS HMO-Upstate Reg (280)	Individual	\$94.88	\$53.28	-\$41.60	-43.8%	MVP-Central (330) Individual Family	\$50.72	\$59.47	\$8.75	17.3%
	Family	\$326.46	\$217.57	-\$108.89	-33.4%		\$181.79	\$198.76	\$16.97	9.3%
Empire BCBS HMO-Downstate Reg (290)	Individual	\$142.56	\$134.46	-\$8.10	-5.7%	MVP - Mid-Hudson (340) Individual Family	\$46.50	\$64.20	\$17.70	38.1%
	Family	\$451.09	\$431.40	-\$19.69	-4.4%		\$170.91	\$210.27	\$39.36	23.0%
Empire BCBS HMO-Mid-Hudson (320)	Individual	\$143.40	\$123.93	-\$19.47	-13.6%	MVP - North (360) Individual Family	\$88.11	\$100.37	\$12.26	13.9%
	Family	\$453.34	\$401.12	-\$52.22	-11.5%		\$275.90	\$302.11	\$26.21	9.5%
GHI-Albany Region (220)	Individual	\$123.14	\$126.28	\$3.14	2.5%	Individual Family				
	Family	\$411.23	\$414.59	\$3.36	0.8%					

SG 10 and Above Biweekly Health Insurance Premium Contributions: Calculation of 1/1/12 Rates with Retroactive Premium

<u>Plan</u>	<u>1/1/12 Rates</u>	<u>Retro Premium</u>	<u>1/1-3/31/12 Rates w/Retro</u>	<u>Plan</u>	<u>1/1/12 Rates</u>	<u>Retro Premium</u>	<u>1/1-3/31/12 Rates w/Retro</u>		
Empire Plan	Individual Family	\$43.90 \$158.19	\$10.61 \$25.35	\$54.51 \$183.54	GHI-Hudson Valley and Ulster (350)	Individual Family	\$152.52 \$492.76	\$12.52 \$26.67	\$165.04 \$519.43
etna	Individual Family	\$135.63 \$533.77	\$12.03 \$24.65	\$147.66 \$558.42	HIP of NY	Individual Family	\$71.59 \$222.16	\$11.99 \$25.09	\$83.58 \$247.25
Blue Choice	Individual Family	\$34.25 \$132.29	\$8.51 \$20.27	\$42.76 \$152.56	HMO Blue-Syracuse & Binghamton Regions (072)	Individual Family	\$94.18 \$283.15	\$11.67 \$24.15	\$105.85 \$307.30
DPHP-Capital (063)	Individual Family	\$37.84 \$144.42	\$10.75 \$23.95	\$48.59 \$168.37	HMO Blue – Utica & Watertown Regions (160)	Individual Family	\$105.78 \$340.95	\$11.34 \$23.55	\$117.12 \$364.50
DPHP-Central (300)	Individual Family	\$66.71 \$218.27	\$11.55 \$24.11	\$78.26 \$242.38	Independent Health	Individual Family	\$55.04 \$190.43	\$9.81 \$24.20	\$64.85 \$214.63
DPHP-Hudson Valley (310)	Individual Family	\$71.44 \$229.76	\$11.53 \$24.05	\$82.97 \$253.81	MVP-Rochester(058)	Individual Family	\$34.78 \$132.51	\$8.43 \$20.68	\$43.21 \$153.19
Community Blue	Individual Family	\$42.94 \$194.23	\$10.14 \$25.95	\$53.08 \$220.18	MVP-East (060)	Individual Family	\$37.80 \$144.24	\$8.85 \$21.71	\$46.65 \$165.95
Empire BCBS HMO- Upstate Region (280)	Individual Family	\$53.28 \$217.57	\$12.23 \$26.05	\$65.51 \$243.62	MVP-Central (330)	Individual Family	\$59.47 \$198.76	\$11.32 \$23.52	\$70.79 \$222.28
Empire BCBS HMO- Downstate Region (290)	Individual Family	\$134.46 \$431.40	\$12.23 \$26.07	\$146.69 \$457.47	MVP-Mid-Hudson(340)	Individual Family	\$64.20 \$210.27	\$11.25 \$23.36	\$75.45 \$233.63
Empire BCBS HMO- Mid-Hudson (320)	Individual Family	\$123.93 \$401.12	\$12.25 \$26.10	\$136.18 \$427.22	MVP-North(360)	Individual Family	\$100.37 \$302.11	\$11.49 \$23.95	\$111.86 \$326.06
HHI – Albany Region (220)	Individual Family	\$126.28 \$414.59	\$12.52 \$26.68	\$138.80 \$441.27					