DAVID A. PATERSON
GOVERNOR

STATE OF NEW YORK
DEPARTMENT OF CIVIL SERVICE
ALFRED E. SMITH STATE OFFICE BUILDING
ALBANY, NEW YORK 12239
www.cs.state.ny.us

NANCY G. GROENWEGEN
COMMISSIONER

June 11, 2009

RECEIVED
JUN 16 2009
SCHOHARIE COUNTY TREASURER

Mr. William Cherry
County Treasurer
Office of County Treasurer of Schoharie County
284 Main Street, P.O. Box 9
Schoharie, New York 12157

Re: Claims Experience

Dear Mr. Cherry:

I have enclosed, in accordance with your request, a copy of the 2007 and 2008 Empire Plan claims experience paid on behalf of Schoharie County, PA 00399. The experience reports are available on an aggregated basis only and include experience for both active and retired employees (combined). Experience for 2009 will be available in April 2010 and a summary will be sent *upon request.*

I. CONTENT OF THE REPORT

The report is segregated by each Empire Plan carrier as follows:

- Empire Blue Cross Blue Shield (Hospital)
- United Healthcare (Medical)
- Group Health Incorporated (MHSA)
- Empire Blue Cross Blue Shield (2007 Drugs) and United Healthcare (2008 Drugs)

The reports show the dollar amount of claims paid in calendar years 2007 and 2008 for each carrier. Subtotals of claims paid are shown separately for enrollees and dependents. The following highlights differences among the carriers:

Empire Blue Cross Blue Shield (Hospital): Claim payments are shown separately for Inpatient Stays and All Other Categories.

United Healthcare (Medical): Claim payments are shown separately for Basic Medical and Participating Providers.

Group Health Incorporated MHSA (Mental Health and Substance Abuse): Claim payments are shown separately for In Network Benefits and Out of Network Benefits.

Empire Blue Cross Blue Shield (2007 Drugs) and United Healthcare (2008 Drugs): Total claim payments for prescription drugs are presented.

II. DETERMINING TOTAL EXPENSES

In addition to paid claims, other factors such as retention, reserve change, Paid Bad Debt & Charity and Graduate Medical expense must be considered to determine your agency's total expenses. These factors, which are described in Exhibit I, are included on Attachment I to arrive at your approximate total agency expense.

III. GROSS PREMIUM

The aggregate gross premium can be determined by multiplying the monthly premiums for the corresponding option in Exhibit II by your agency's corresponding enrollment counts. Enrollment information should be available in your agency's billing records. Please note that the gross premium is greater than the Empire Plan premium charged to your agency. The difference is due to dividend and interest earnings that are credited against the gross premium.

IV. EXPERIENCE COMPARISON

Your agency's experience can be compared to the aggregate experience of the Empire Plan by using the respective loss ratio percentages. The loss ratio percentage for your agency is total expense as calculated in II, above, divided by the gross aggregate premium as calculated in III, above. The aggregate Empire Plan loss ratio percentage is 91.68% for 2007 and 91.77% for 2008.

Please contact Mr. Paul McKinney at (518) 473-1043 if you have any questions concerning this material.

Sincerely,

David J. Boland
Assistant Director

Enclosures

CC: Dawn Elder, Benetech, Inc.

NYS EMPIRE PLAN - AGENCY SPECIFIC EXPERIENCE
2007 PAID CLAIMS EXPERIENCE

AGENCY CODE: 00399

Empire Blue Cross Blue Shield Hospital

	Inpatient	Other	Paid Claims Total	Paid BDC & GME	Estimated Reserves Change	Rebates and Credits	Estimated Retention	Total Agency Expense
Employees	$157,370	$370,370	$527,740					
Dependents	178,860	253,323	432,183					
Total	**$336,230**	**$623,693**	**$959,923**	**$98,200**	**$14,591**		**$81,689**	**$1,154,403**

United Healthcare Medical

	Basic Medical	Par Provider	Total					
Employees	$39,187	$380,346	$419,533					
Dependents	24,710	273,177	297,887					
Total	**$63,897**	**$653,523**	**$717,420**	**$3,731**	**$9,900**		**$67,868**	**$798,919**

Group Health Incorporated MHSA

	In Network	Out of Network	Total					
Employees	$43,914	$0	$43,914					
Dependents	6,152	0	6,152					
Total	**$50,066**	**$0**	**$50,066**	**$911**	**$2,764**		**$11,135**	**$64,876**

Empire Blue Cross Blue Shield Drugs

	Total					
Employees	$723,090					
Dependents	420,947					
Total	**$1,144,037**		**($2,402)**	**($96,900)**	**$54,456**	**$1,099,191**

Total 2007 Paid Claims

	Total					
Employees	$1,714,277					
Dependents	1,157,169					
Total	**$2,871,446**	**$102,842**	**$24,853**	**($96,900)**	**$215,148**	**$3,117,389**

DETERMINING YOUR AGENCY'S TOTAL EXPENSES

In order to calculate your agency's total expenses, the following factors were applied to your agency's total paid claims on Attachment I:

Paid Bad Debt & Charity (BDC) and Graduate Medical Expense (GME). Beginning January 1, 1997, the Health Care Reform Act (HCRA) replaced the NYHPRM methodology for reimbursement of hospital claims. This resulted in a separate assessment of BDC and GME costs which were previously included in the hospital DRG rate.

Change in Incurred Claim Reserve. This accounts for claims, BDC and GME costs that have been incurred, but not yet paid. This represents the difference between the estimated reserve balance at the end of 2006 and the estimated balance at the end of 2007.

Retention. This represents the carriers' administrative expenses, taxes, risk charges, etc.

These factors were developed from the NYSHIP experience for the years 2007 and 2006, respectively:

	2007	2006
Empire Blue Cross Blue Shield Hospital		
Paid BDC & GME	10.23%	10.24%
Change in Incurred Claim Reserve	1.52%	.34%
Retention	8.51%	8.87%
United Healthcare Medical		
Paid BDC	.52%	.50%
Change in Incurred Claims Reserve	1.38%	3.03%
Retention	9.46%	9.45%
Group Health Incorporated MHSA		
Paid BDC	1.82%	1.65%
Change in Incurred Claims Reserve	5.52%	.33%
Retention	22.24%	21.63%
Empire Blue Cross Blue Shield Drugs		
Change in Incurred Claim Reserve	(.21%)	2.50%
Rebates and Credits	(8.47%)	(7.74%)
Retention	4.76%	5.49%

Example. The example below using 2007 figures, illustrates how we calculate an agency's estimated Empire Blue Cross Blue Shield Hospital experience.

An Agency's Empire Blue Cross Blue Shield Paid Claims	$100,000
Plus Paid BDC & GME: 10.23%	10,230
Plus/(minus) Change in Incurred Claims Reserve: 1.52%	1,520
Plus Retention: 8.51%	8,510
Total Agency Expense	$120,260

NEW YORK STATE HEALTH INSURANCE PROGRAM
EMPIRE PLAN MONTHLY GROSS PREMIUMS
2007 and 2006

	Individual		Family		
	Plan Prime	**MediPrime**	**Plan Prime**	**MediPrime – 1**	**Mediprime - 2**
Core plus Medical and Psych. Enhancements					
2007	$600.69	$363.02	$1,273.96	$1,036.30	$798.65
2006	$547.86	$359.35	$1,164.16	$975.66	$787.16
Core Only					
2007	$527.60	$346.35	$1,116.82	$935.57	$754.33
2006	$490.93	$344.41	$1,039.70	$893.19	$746.68

Attachment I

NYS EMPIRE PLAN - AGENCY SPECIFIC EXPERIENCE
2008 PAID CLAIMS EXPERIENCE

AGENCY CODE: 00399

			Paid Claims	Paid BDC & GME	Estimated Reserves Change	Rebates and Credits	Estimated Retention	Total Agency Expense
Empire Blue Cross Blue Shield Hospital								
	Inpatient	**Other**	**Total**					
Employees	$255,875	$488,993	$744,868					
Dependents	155,345	351,959	507,304					
Total	**$411,220**	**$840,952**	**$1,252,172**	**$125,092**	**$4,132**		**$110,567**	**$1,491,963**
United Healthcare Medical								
	Basic Medical	**Par Provider**	**Total**					
Employees	$58,655	$388,578	$447,233					
Dependents	32,305	380,538	412,843					
Total	**$90,960**	**$769,116**	**$860,076**	**$4,558**	**($2,838)**		**$88,846**	**$950,642**
Group Health Incorporated MHSA								
	In Network	**Out of Network**	**Total**					
Employees	$15,915	$0	$15,915					
Dependents	7,792	444	8,236					
Total	**$23,707**	**$444**	**$24,151**	**$391**	**$729**		**$4,753**	**$30,024**
United Healthcare Drugs								
			Total					
Employees			$818,337					
Dependents			496,617					
Total			**$1,314,954**		**$41,947**	**($90,469)**	**$67,852**	**$1,334,284**
Total 2008 Paid Claims								
			Total					
Employees			$2,026,353					
Dependents			1,425,000					
Total			**$3,451,353**	**$130,041**	**$43,970**	**($90,469)**	**$272,018**	**$3,806,913**

DETERMINING YOUR AGENCY'S TOTAL EXPENSES

In order to calculate your agency's total expenses, the following factors were applied to your agency's total paid claims on Attachment I:

Paid Bad Debt & Charity (BDC) and Graduate Medical Expense (GME). Beginning January 1, 1997, the Health Care Reform Act (HCRA) replaced the NYHPRM methodology for reimbursement of hospital claims. This resulted in a separate assessment of BDC and GME costs which were previously included in the hospital DRG rate.

Change in Incurred Claim Reserve. This accounts for claims, BDC and GME costs that have been incurred, but not yet paid. This represents the difference between the estimated reserve balance at the end of 2007 and the estimated balance at the end of 2008.

Retention. This represents the carriers' administrative expenses, taxes, risk charges, etc.

These factors were developed from the NYSHIP experience for the years 2008 and 2007, respectively:

	2008	2007
Empire Blue Cross Blue Shield Hospital		
Paid BDC & GME	9.99%	10.23%
Change in Incurred Claim Reserve	.33%	1.52%
Retention	8.83%	8.51%
United Healthcare Medical		
Paid BDC	.53%	.52%
Change in Incurred Claims Reserve	(.33%)	1.38%
Retention	10.33%	9.46%
Group Health Incorporated MHSA		
Paid BDC	1.62%	1.82%
Change in Incurred Claims Reserve	3.02%	5.52%
Retention	19.68%	22.24%
United Healthcare Drugs (2008)		
Empire Blue Cross Blue Shield Drugs (2007)		
Change in Incurred Claim Reserve	3.19%	(.21%)
Rebates and Credits	(6.88%)	(8.47%)
Retention	5.16%	4.76%

Example. The example below using 2008 figures, illustrates how we calculate an agency's estimated Empire Blue Cross Blue Shield Hospital experience.

An Agency's Empire Blue Cross Blue Shield Paid Claims	$100,000
Plus Paid BDC & GME: 9.99%	9,990
Plus/(minus) Change in Incurred Claims Reserve: .33%	330
Plus Retention: 8.83%	8,830
Total Agency Expense	$119,150

EXHIBIT II

NEW YORK STATE HEALTH INSURANCE PROGRAM
EMPIRE PLAN MONTHLY GROSS PREMIUMS
2008 and 2007

	Individual		Family		
	Plan Prime	**MediPrime**	**Plan Prime**	**MediPrime – 1**	**Mediprime - 2**
Core plus Medical and Psych. Enhancements					
2008	$633.79	$397.23	$1,346.27	$1,109.74	$873.21
2007	$600.69	$363.02	$1,273.96	$1,036.30	$798.65
Core Only					
2008	$557.73	$372.79	$1,186.84	$1,001.91	$816.99
2007	$527.60	$346.35	$1,116.82	$935.57	$754.33