

Information About Your GHI HMO 2012 Small Group Rates

GHI HMO is part of the EmblemHealth group of companies. It is a for-profit health service corporation organized under Article 44 of the New York Insurance Law to provide coverage for the costs of health care. The income that is generated is used to benefit members, either as claim payments or to provide administrative services to operate the company, which serves approximately 4,400 members, of which approximately 200 are members of small groups.

The Components of Your Premium Rate

Your premium rate consists of two components: the costs associated with providing medical care and administrative expenses.

By far, the largest component is the cost of medical care. Medical costs are represented in the minimum loss ratio (MLR). This is the percentage of the premium used to pay for medical care. New York State law requires that the MLR must be at least 82 percent of the premium charged.

Administrative expenses include: costs for processing claims and appeals; maintenance and upgrading of systems needed to comply with HIPAA, federal health reform mandates and other legal requirements; costs for consumer education, wellness programs and programs for managing chronic and complex medical conditions; costs of maintaining our provider network; costs to operate Web-based information and services for members, brokers and providers; costs associated with conducting medical reviews; taxes and other fees.

Before we apply for a rate increase, we thoroughly review claims data and expenses to determine future costs and expenses.

The Components of Our 2012 Rate Increase

GHI HMO is requesting premium rate increases for its small group business, effective for the first, second, third and fourth quarters of 2012. The reason for the requested rate increase is that health care costs have risen dramatically during the past year. The major factors driving rising health care costs are: the increased use of health care services; the growing needs of an aging population that is to a larger extent living with chronic conditions; and the development of costly new medical technologies and prescription drugs.

If these premium rate increases are approved, they will be added to your final 2011 renewal premium rates. These increases will apply to all groups renewing in the first, second, third and fourth quarters of 2012.

The premium rate increases we are requesting are summarized below, by quarter. The increase for the quarter in which your plan renews applies to your group.

<u>Renewal Date</u>	<u>Requested Increase</u>
January – March 2012	12.3%
April – June 2012	12.3%
July – September 2012	15.6%
October – December 2012	19.1%

Final Rate Increase

Your group's final renewal rate may be different from the proposed increases shown above. NYSID may approve, modify or deny these adjustments. We will notify you of your final, approved rates approximately 60 days before your renewal date. This will give you the opportunity to discuss with your broker a variety of EmblemHealth plan options that may enable you to reduce your premiums.

At this time, we have not filed any benefit changes to these plans with the New York State Insurance Department (NYSID). In the event that we file benefit changes to these plans — for example, due to new benefits mandated by New York State law — those benefit changes may also impact your final premium rates.