

INFORMATION ABOUT YOUR HIP HEALTHY NEW YORK 2012 RATES

Health Insurance Plan of Greater New York (HIP) is part of the EmblemHealth group of companies. It is a not-for-profit health service corporation organized under Article 43 of the New York Insurance Law and certified to operate a Health Maintenance Organization (HMO) under Article 44 of the New York Public Health Law. HIP provides benefit plans that enable its members to access covered health care services. Income generated is used to benefit members, either as claim payments or to provide administrative services for the necessary operations of the company. HIP covers over 800,000 members, including approximately 3,250 HIP Healthy New York members.

The Components of Your Premium Rate

Your premium rate consists of two components: the costs of 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), which 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 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

HIP is requesting a premium rate increase for its HIP Healthy New York business, which would become effective on your plan's 2012 policy renewal date. 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 the increase is approved, it will be added to your 2011 renewal premium rate. This increase will apply to all HIP Healthy New York plans renewing during 2012.

The premium rate increase we are requesting is shown below.

Percent Increase from 2011 to 2012: 19.8%

Final Rate Increase

Your final renewal rate may be different from the proposed increase shown above. NYSID may approve, modify or deny them. We will notify you of your final, approved rates approximately 60 days before your policy renewal date.

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.