

November 13, 2012

[Home](#) | [Blog](#) | [Newsroom](#) | [Videos](#) | [F](#)

HealthCare.gov

Take health care into your own hands

Search

**Find Insurance
Options**

**Get Help Using
Insurance**

**The Health Care Law &
You**

**Comparing Care
Providers**

[Home](#) > [Get Help Using Insurance](#) > [Your Insurance Company & Costs of Coverage](#) > [Search Results](#) > Empire HealthChoice HMO, Inc. Rate Review

Empire HealthChoice HMO, Inc. Rate Review in New York

Empire HealthChoice HMO, Inc. has asked for a rate increase* for the following product in New York: HMO-HMO-Small 80519NY011.

Review Status: Pending Review

If the increase happens:

- The average rate increase will be 27.60%
- The proposed rate increase is an average rate increase for all covered groups or individuals. The premiums may be high lower than this average based on factors such as age, family structure, and health experience of the covered groups and individuals.
- The effective date of the rate increase is 04/01/2013. The actual date of your rate increase may vary based on the annive date of your policy and other factors.
- This increase will affect 16483 people

*** This posting does not mean that the requested increase is unreasonable. Either the state or federal reviewer will dec and the decision will be posted here.**

More Information about this Rate Increase:

- [Why does my insurance company want to raise my premium?](#)
- [What kinds of Medical Services are causing this rate increase?](#)
- [How would my insurance company use my premium?](#)
- [Last three rate increases for this product](#)
- [Who is reviewing this rate increase?](#)
- [Insurer's explanation of the rate increase](#)

Why does my insurance company want to raise my premium?

Your insurer says that costs are going up:

Type of Cost:	Per Member Increase Per Month Increase**	Portion o
Medical Services* - Cost of providing healthcare services to policyholders	\$89.10	54.
Administrative Expenses - Marketing, claims processing, and other costs to the company	\$38.04	23.
Underwriting Gain/Loss - Amount the company keeps after paying claims and administrative expenses	\$36.90	22.

* 11.80% of the Medical Services cost increases are due to how many people use the services and how often they use them of services.

** These increases won't add up to the average rate increase if everyone doesn't get the rate increase at the same time.

[Back to top](#)

What kinds of Medical Services are causing this rate increase?

Medical Service	Per Member Per Month Increase	Portion c
Hospital Inpatient - Care in a Hospital	\$19.96	22
Outpatient - Care in a hospital or other facility that doesn't require an overnight stay	\$14.48	16
Professional Services - Payments to doctors and other healthcare professionals	\$24.91	27
Prescription Drugs - Medicines you need a prescription to buy	\$15.77	17
Ancillary Services - Medical supplies, ambulance fees, etc.	\$1.29	1.
Capitation - A fixed per person payment the insurer pays to a provider to cover a person's medical costs	\$0.74	0.
Cost Sharing - Changes in deductibles, copayments, benefits, etc.	\$5.26	5.
Current Medical Cost Adjustment - The difference between what your insurer thought it was going to pay for medical services and what it actually paid during the current year	\$6.68	7.
Total Medical Service Cost Changes	\$89.10	100

[Back to top](#)

How would my insurance company use my premium?

Type of Cost	How Premium Dollars Will be Sp if the Requested Rate is used	
	Per Member Per Month	Portion
Medical Services - Cost of providing healthcare services to policyholders	\$666.96	86.
Administrative Expenses - Marketing, claims processing, and other costs to the company	\$77.56	10.
Underwriting Gain/Loss - Amount the company keeps after paying claims and administrative expenses	\$31.01	4.0
Total Request Rate	\$775.53	100

[Back to top](#)

Last three rate increases for this product:

Year	Requested	G
2012	22.80%	13.
2011	23.60%	15.
2010	14.30%	14.

[Back to top](#)

Who is reviewing this rate increase?

The rate increase request is being reviewed by the State.

State laws either:

- Allow the insurance regulator to review rate filings, but do not allow the regulator to stop a rate from being used, or
- Allow the insurance regulator to both review rate filings *and* stop an unreasonable rate from being used.

If a state's laws do not allow the insurance regulator to perform effective rate reviews, the federal government* will review any rate the individual or small group market.

*If the federal government is reviewing, [click here](#) to see the filing.

[Back to top](#)

Insurer's explanation of the rate increase

Empire HealthChoice HMO, Inc. has prepared the following written explanation of this rate increase.

[Back to top](#)

Comment on this rate increase

You may submit your comments about this rate increase to New York on its web site at http://www.dfs.ny.gov/insurance/health/prior_ email at PremiumRateIncreases@dfs.ny.gov; and by U.S. mail to the Health Bureau-Premium Rate Adjustments, New York State Department of Financial Services, 110 Beaver Street, New York, NY 10004.

[Home](#) **HealthCare.gov**

A federal government website managed by the [U.S. Department of Health & Human Services](#)
200 Independence Avenue, S.W. - Washington, D.C. 20201

[Accessibility](#)

[Privacy Policy](#)

[Plain Writing](#)

[Disclaimers](#)

[Viewers & Players](#)

[WhiteHouse.gov](#)

[USA.gov](#)

[GobiernoUSA.gov](#)

Take Action

[Find Insurance Options](#)

[Your Insurance Company &](#)

[Costs of Coverage](#)

[Prevention & Wellness](#)

[Compare Care Providers](#)

Get Help Using Insurance

[Managing Your Insurance](#)

[Understanding Insurance](#)

[Free or Low-Cost Care](#)

[Medicare & Long-Term Care](#)

[Employers & Self-Employed](#)

The Health Care Law & You

[Read the Law](#)

[Key Features of the Law](#)

[Timeline: What's](#)

[Changing & When](#)

[Information for You](#)

[Implementation Resources](#)

Rate Summary Worksheet

Per the Instructions, health insurance issuers proposing rate increases above the threshold fill in only those cells that are highlighted in GREY. The other cells are auto-populated.

A. Base Period Data

Start Period: 04/01/2011 End Period: 03/31/2012

Service Categories	Member Months	Total Allowed	Net Claims	Cost Sharing	Cost Sharing PMPM	Net PMPM	Allowed PMPM
Inpatient	351,905	\$ 46,005,366.96	\$ 44,341,163.68	\$ 1,664,203.28	4.73	126.00	130.73
Outpatient	351,905	\$ 33,728,917.87	\$ 32,174,501.83	\$ 1,554,416.04	4.42	91.43	95.85
Professional	351,905	\$ 63,287,566.92	\$ 55,344,978.51	\$ 7,942,588.41	22.57	157.27	179.84
Prescription Drugs	351,905	\$ 43,713,258.47	\$ 34,932,986.63	\$ 8,780,271.84	24.95	99.27	124.22
Other	351,905	\$ 3,255,393.27	\$ 2,875,155.06	\$ 380,238.21	1.08	8.17	9.25
Capitation	351,905	\$ 1,579,645.00	\$ 1,579,645.00	\$ 0.00	0.00	4.49	4.49
Total	351,905	\$ 191,570,148.49	\$ 171,248,430.71	\$ 20,321,717.78	57.75	486.63	544.38

B. Claim Projections

B1. Adjustment to the Current Rate

Start Period: 04/01/2012 End Period: 03/31/2013

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1913	\$ 155.74	\$ 151.21	0.0291
Outpatient	1.1919	\$ 114.24	\$ 109.72	0.0396
Professional	1.1975	\$ 215.36	\$ 188.74	0.1236
Prescription Drugs	1.2063	\$ 149.85	\$ 119.49	0.2026
Other	1.1969	\$ 11.07	\$ 9.80	0.1144
Capitation	1.2437	\$ 5.58	\$ 5.58	0.0000
Total		\$ 651.83	\$ 584.54	0.10

B2. Claims Projection for Future Rate

Start Period: 04/01/2013 End Period: 03/31/2014

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1320	\$ 176.29	\$ 172.54	0.0213
Outpatient	1.1320	\$ 129.32	\$ 125.20	0.0319
Professional	1.1320	\$ 243.78	\$ 215.36	0.1166
Prescription Drugs	1.1320	\$ 169.63	\$ 136.35	0.1962
Other	1.1320	\$ 12.53	\$ 11.19	0.1073
Capitation	1.1320	\$ 6.32	\$ 6.32	0.0000
Total		\$ 737.88	\$ 666.96	0.10

B3. Medical Trend Breakout

Factor	Impact
Utilization	11.8000%
Unit Cost	50.7000%
Other Factors	37.5000%

C. Components of Current and Future Rates

	Future Rate		Prior Estimate of Current Rate		Difference	
	PMPM	%	PMPM	%	PMPM	%
1. Projected Net Claims	\$ 666.96	86.00%	\$ 577.86	94.50%	\$ 89.10	54.32%
2. Administrative Costs	\$ 77.56	10.00%	\$ 39.52	6.46%	\$ 38.04	23.19%
3. Underwriting Gain/Loss	\$ 31.01	4.00%	\$ (5.88)	-0.96%	\$ 36.90	22.49%
4. Total Rate	\$ 775.53	100.00%	\$ 611.49	100.00%	\$ 164.04	100.00%
5. Overall Rate Increase		26.83%				

D. Components of Rate Increase

	Impact on Rate	Percent
Claims Components		
1. Inpatient	\$ 19.96	22.40%
2. Outpatient	\$ 14.48	16.25%
3. Professional	\$ 24.91	27.96%
4. Prescription Drugs	\$ 15.77	17.70%
5. Other	\$ 1.29	1.45%
6. Capitation	\$ 0.74	0.83%
7. Cost Share	\$ 5.26	5.90%
8. Correction of Prior Net Claims Estimate	\$ 6.68	7.50%
9. Total	\$ 89.10	100.00%
Claims Restatement for Current Rate Period		
8.a. Prior Net Claims Estimate for Current Rate Period	\$ 577.86	
8.b. Re-Estimate of Net Claims PMPM for Current Rate Period	\$ 584.54	

E. List of Annual Average Rate Changes Requested and Implemented in the Past Three Calendar Years

Calendar Year	New Form	Requested	Implemented
2012	N	22.8000%	13.0000%
2011	N	23.6000%	15.6000%
2010	N	14.3000%	14.3000%

F. Range and Scope of Proposed Increase

Number of Covered Individuals	16,483	Threshold Rate Increase	27.6000%
-------------------------------	--------	-------------------------	----------

	Range of Rate Increase
Minimum % Increase	26.4000%
Maximum % Increase	38.9000%

Empire HealthChoice HMO
Consumer Disclosure for Proposed Health Insurance Rate Increase
Small Group HMO
Rate Change Effective April 2013

Scope and Range of the Rate Increase

Empire proposes to increase its rates for Small Group HMO by an average of 27.6% on policyholders renewing between April 1, 2013 and March 31, 2014. This rate increase will impact approximately 16,000 members.

Financial Experience

In 2011 Empire reported a 95.8% Affordable Care Act (ACA) medical loss ratio (MLR) for all SG HMO-based plans, which far exceeded the minimum MLR requirement of 82%. Empire was not required to issue rebates as more dollars were spent on medical care and quality programs than required by the ACA. We anticipate these proposed rates will produce an MLR of 86.0% for the SG HMO members impacted by this filing. Empire again expects to exceed the MLR requirements, the percentage of premiums spent on medical care and quality programs, for 2013.

Changes in Medical Costs

The primary drivers of premium increases are associated with increases in the unit cost of services primarily from hospitals, physicians and pharmaceutical companies, coupled with changes in consumption of services, or utilization, by members. Increases in unit costs are driven by technology advances, cost shifting to private insurers from underfunded Medicaid and Medicare reimbursement and a variety of other factors. Changes in utilization of services can be driven by the aging of the population, benefit design and many other factors.

Based on the performance of this product, our current rates were set at an inadequate level and are unsustainable. This rate action is expected to move the rates toward an adequate level to compensate for both anticipated utilization and the annual increases in the cost of medical care. Additionally, last year the approved rates, a reduction from those requested, implied a target MLR of 94.5% and an underwriting loss of approximately 1.0%.

Changes in Benefits

The second quarter 2013 annual increase, without benefit changes, is 25.2%. Included in this federal justification are benefit changes required by the ACA and New York mandate, as well as structural differences previously approved by the Department. Effective August 1, 2012 the ACA required list of preventive care services was revised to include certain women's preventive care benefits for non-grandfathered members. The impact of this change is an approximate 0.5% increase in PMPM. Similarly, effective November 1, 2012, the New York State Autism Mandate was included into the rates at an approximate increase of 0.7%. Structural changes account for the remaining increase.

Administrative Costs

Empire continues to manage administrative and selling costs compared to prior years; however as membership drops and costs continue to rise, we must build in slightly more for administrative costs each year.

Administrative costs will also increase across the rating period due to the ACA's insurer and reinsurance fees which will be collective effective January 2014, regardless of a group's renewal date. Since all groups impacted by this filing will have these rates in effect in 2014, the rate request takes these additional costs into account. Additionally, there is a third ACA related tax, the CER fee, which was introduced in 2013.

Underwriting Gain/Loss

The underwriting gain/loss ultimately represents the amount Empire keeps after paying claims and administrative costs. As noted above, last year the Department approved a reduced increase which included the assumption of a 1% underwriting loss. This rate request includes, in our opinion, a more reasonable gain/loss, to allow for unexpected fluctuations as well as some profit.

Rate Summary Worksheet

Per the Instructions, health insurance issuers proposing rate increases above the threshold fill in only those cells that are highlighted in GREY. The other cells are auto-populated.

OMB-0938-1141

A. Base Period Data

Start Period: 04/01/2011 End Period: 03/31/2012

Service Categories	Member Months	Total Allowed	Net Claims	Cost Sharing	Cost Sharing PMPM	Net PMPM	Allowed PMPM
Inpatient	368,252	\$ 45,797,053.43	\$ 45,097,591.93	\$ 699,461.50	\$ 1.90	\$ 122.46	\$ 124.36
Outpatient	368,252	\$ 36,523,926.44	\$ 35,666,064.65	\$ 857,861.79	\$ 2.33	\$ 96.85	\$ 99.18
Professional	368,252	\$ 64,580,039.52	\$ 59,620,947.24	\$ 4,959,092.28	\$ 13.47	\$ 161.90	\$ 175.37
Prescription Drugs	368,252	\$ 30,644,141.09	\$ 25,397,354.65	\$ 5,246,786.44	\$ 14.25	\$ 68.97	\$ 83.22
Other	368,252	\$ 3,678,091.73	\$ 3,399,634.51	\$ 278,457.22	\$ 0.76	\$ 9.23	\$ 9.99
Capitation	368,252	\$ 1,576,707.08	\$ 1,576,707.08	\$ 0.00	\$ 0.00	\$ 4.28	\$ 4.28
Total	368,252	\$ 182,799,959.29	\$ 170,758,300.06	\$ 12,041,659.23	\$ 32.70	\$ 463.70	\$ 496.40

B. Claim Projections

B1. Adjustment to the Current Rate

Start Period: 04/01/2012 End Period: 03/31/2013

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1232	\$ 139.68	\$ 138.62	0.0076
Outpatient	1.1232	\$ 111.40	\$ 109.63	0.0159
Professional	1.1232	\$ 196.97	\$ 183.26	0.0696
Prescription Drugs	1.1407	\$ 94.92	\$ 79.28	0.1648
Other	1.1232	\$ 11.22	\$ 10.45	0.0685
Capitation	1.1130	\$ 4.77	\$ 4.77	0.0000
Total		\$ 558.95	\$ 526.00	0.06

B2. Claims Projection for Future Rate

Start Period: 04/01/2013 End Period: 03/31/2014

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1040	\$ 154.21	\$ 154.15	0.0003
Outpatient	1.1040	\$ 122.98	\$ 121.91	0.0087
Professional	1.1040	\$ 217.45	\$ 203.80	0.0628
Prescription Drugs	1.1040	\$ 104.79	\$ 88.17	0.1586
Other	1.1040	\$ 12.38	\$ 11.62	0.0617
Capitation	1.1040	\$ 5.26	\$ 5.26	0.0000
Total		\$ 617.08	\$ 584.91	0.05

B3. Medical Trend Breakout

Factor	Impact
Utilization	14.7000%
Unit Cost	62.4000%
Other Factors	22.9000%

C. Components of Current and Future Rates

	Future Rate		Prior Estimate of Current Rate		Difference	
	PMPM	%	PMPM	%	PMPM	%
1. Projected Net Claims	\$ 584.91	86.50%	\$ 503.22	80.00%	\$ 81.70	173.17%
2. Administrative Costs	\$ 68.89	10.19%	\$ 87.80	13.96%	\$ (18.91)	-40.09%
3. Underwriting Gain/Loss	\$ 22.39	3.31%	\$ 38.00	6.04%	\$ (15.61)	-33.09%
4. Total Rate	\$ 676.20	100.00%	\$ 629.02	100.00%	\$ 47.18	100.00%
5. Overall Rate Increase		7.50%				

D. Components of Rate Increase

	Impact on Rate	Percent
Claims Components		
1. Inpatient	\$ 14.42	17.65%
2. Outpatient	\$ 11.40	13.96%
3. Professional	\$ 19.06	23.33%
4. Prescription Drugs	\$ 8.25	10.09%
5. Other	\$ 1.09	1.33%
6. Capitation	\$ 0.50	0.61%
7. Cost Share	\$ 4.21	5.15%
8. Correction of Prior Net Claims Estimate	\$ 22.78	27.89%
9. Total	\$ 81.70	100.00%
Claims Restatement for Current Rate Period		
8.a. Prior Net Claims Estimate for Current Rate Period	\$ 503.22	
8.b. Re-Estimate of Net Claims PMPM for Current Rate Period	\$ 526.00	

E. List of Annual Average Rate Changes Requested and Implemented in the Past Three Calendar Years

Calendar Year	New Form	Requested	Implemented
2012	N	2.3000%	2.3000%
2011	N	11.3000%	11.3000%
2010	N	13.8000%	13.8000%

F. Range and Scope of Proposed Increase

Number of Covered Individuals	27,184	Threshold Rate Increase	13.5000%
-------------------------------	--------	-------------------------	----------

	Range of Rate Increase
Minimum % Increase	7.2000%
Maximum % Increase	19.3000%

Last Updated: 10/19/12 9:58 AM

The Consumer Disclosure is information that will be populated on the Healthcare.gov website by CMS when a Rate Summary form is submitted for a rate increase greater than the threshold. This document is our attempt to show what that information would look like on the webpage.

Empire HealthChoice HMO, Inc Rate Review

Empire HealthChoice HMO, Inc has asked for a rate increase* for the following products in New York: LG HMO

Review Status: Pending Review

If the increase happens:

- The average rate increase will be **(1)**.
- The effective date of the rate increase is **(2)**. The actual date of your rate increase may vary based on the anniversary date of your policy and other factors.
- This increase will affect **(3)** people

***This posting does not mean that the requested increase is unreasonable. Either the state or federal reviewer will decide that and the decision will be posted here.**

Proposed Increase	(1)	13.50%
Effective date	(2)	04/01/2013
Number of Covered Individuals	(3)	27184

Why does my insurance company want to raise my premium?

Your insurer says that costs are going up:

Type of Cost	Per Member Increase Per Month Increase**	Portion of Increase
Medical Services* – Cost of providing healthcare services to policyholders	\$81.70	173.17%
Administrative Expenses – Marketing, claims processing, and other costs to the company	(\$18.91)	-40.09%
Underwriting Gain/Loss – Amount the company keeps after paying claims and administrative expenses	(\$15.61)	-33.09%

* **(1)** of the Medical Services cost increases are due to how many people use the services and how often they use them and **(2)** is due to the cost of services.

** These increases won't add up to the average rate increase if everyone doesn't get the rate increase at the same time.

Utilization	(1)	14.70%
Unit Cost	(2)	62.40%

The Consumer Disclosure is information that will be populated on the Healthcare.gov website by CMS when a Rate Summary form is submitted for a rate increase greater than the threshold. This document is our attempt to show what that information would look like on the webpage.

What kinds of Medical Services are causing this rate increase?

Medical Service	Per Member Per Month Increase	Portion of Increase
Hospital Inpatient - Care in a hospital	\$14.42	17.65%
Outpatient - Care in a hospital or other facility that doesn't require an overnight stay	\$11.40	13.96%
Professional Services - Payments to doctors and other healthcare professionals	\$19.06	23.33%
Prescription Drugs - Medicines you need a prescription to buy	\$8.25	10.09%
Ancillary Services - Medical supplies, ambulance fees, etc.	\$1.09	1.33%
Capitation - A fixed per person payment the insurer pays to a provider or provider network to cover a person's medical costs.	\$0.50	0.61%
Cost Sharing - Changes in deductibles, copayments, benefits, etc.	\$4.21	5.15%
Current Medical Cost Adjustment - The difference between what your Insurer thought it was going to pay for medical services and what it actually paid during the current year	\$22.78	27.89%
Total Medical Service Cost Changes	\$81.70	100.00%

How would my insurance company use my premium?

Type of Cost	How Premium Dollars Will be Spent if the Requested Rate is used	
	Per Member Per Month	Portion of Rate
Medical Services – Cost of providing healthcare services to policyholders	\$584.91	86.50%
Administrative Expenses – Marketing, claims processing, and other costs to the company	\$68.89	10.19%
Underwriting Gain/Loss – Amount the company keeps after paying claims and administrative expenses	\$22.39	3.31%
Total Requested Rate	\$676.20	100.00%

Last three rate increases for this product:

Year	Requested	Got
2012	2.30%	2.30%
2011	11.30%	11.30%
2010	13.80%	13.80%

The Consumer Disclosure is information that will be populated on the Healthcare.gov website by CMS when a Rate Summary form is submitted for a rate increase greater than the threshold. This document is our attempt to show what that information would look like on the webpage.

Who is reviewing this rate increase?

The rate increase request is being reviewed by the State

State laws either:

- Allow the insurance regulator to review rate filings, but do not allow the regulator to stop a rate from being used, or
- Allow the insurance regulator to both review rate filings *and* stop an unreasonable rate from being used.

If a state's laws do not allow the insurance regulator to perform effective rate reviews, the federal government* will review any rate increases at or above 10% in the individual or small group market.

***If the federal government is reviewing, click here to see the filing.**

Insurer's Explanation of the rate increase

Empire HealthChoice HMO, Inc has prepared the following written explanation of this rate increase.

[Preliminary Justification Part II]

November 13, 2012

[Home](#) | [Blog](#) | [Newsroom](#) | [Videos](#) | [F](#)

HealthCare.gov

Take health care into your own hands

Search

[Find Insurance Options](#)

[Get Help Using Insurance](#)

[The Health Care Law & You](#)

[Comparing Care Providers](#)

[Home](#) > [Get Help Using Insurance](#) > [Your Insurance Company & Costs of Coverage](#) > [Search Results](#) > Empire HealthChoice HMO, Inc. Rate Review

Empire HealthChoice HMO, Inc. Rate Review in New York

Empire HealthChoice HMO, Inc. has asked for a rate increase* for the following product in New York: Healthy New York Small Group-80519NY008.

Review Status: Pending Review

If the increase happens:

- The average rate increase will be 25.40%
- The proposed rate increase is an average rate increase for all covered groups or individuals. The premiums may be higher or lower than this average based on factors such as age, family structure, and health experience of the covered groups and individuals.
- The effective date of the rate increase is 04/01/2013. The actual date of your rate increase may vary based on the anniversary date of your policy and other factors.
- This increase will affect 43502 people

*** This posting does not mean that the requested increase is unreasonable. Either the state or federal reviewer will decide and the decision will be posted here.**

More Information about this Rate Increase:

- [Why does my insurance company want to raise my premium?](#)
- [What kinds of Medical Services are causing this rate increase?](#)
- [How would my insurance company use my premium?](#)
- [Last three rate increases for this product](#)
- [Who is reviewing this rate increase?](#)
- [Insurer's explanation of the rate increase](#)

Why does my insurance company want to raise my premium?

Your insurer says that costs are going up:

Type of Cost:	Per Member Increase Per Month Increase**	Portion o
Medical Services* - Cost of providing healthcare services to policyholders	\$67.62	72.
Administrative Expenses - Marketing, claims processing, and other costs to the company	\$11.92	12.
Underwriting Gain/Loss - Amount the company keeps after paying claims and administrative expenses	\$13.95	14.

* **13.90% of the Medical Services cost increases are due to how many people use the services and how often they use them of services.**

** **These increases won't add up to the average rate increase if everyone doesn't get the rate increase at the same time.**

[Back to top](#)

What kinds of Medical Services are causing this rate increase?

Medical Service	Per Member Per Month Increase	Portion c
Hospital Inpatient - Care in a Hospital	\$11.33	16
Outpatient - Care in a hospital or other facility that doesn't require an overnight stay	\$8.75	12
Professional Services - Payments to doctors and other healthcare professionals	\$16.60	24
Prescription Drugs - Medicines you need a prescription to buy	\$5.18	7.
Ancillary Services - Medical supplies, ambulance fees, etc.	\$0.25	0.
Capitation - A fixed per person payment the insurer pays to a provider to cover a person's medical costs	\$0.45	0.
Cost Sharing - Changes in deductibles, copayments, benefits, etc.	\$2.13	3.
Current Medical Cost Adjustment - The difference between what your insurer thought it was going to pay for medical services and what it actually paid during the current year	\$22.94	33
Total Medical Service Cost Changes	\$67.62	100

[Back to top](#)

How would my insurance company use my premium?

Type of Cost	How Premium Dollars Will be Sp if the Requested Rate is used	
	Per Member Per Month	Portion
Medical Services - Cost of providing healthcare services to policyholders	\$399.29	86.
Administrative Expenses - Marketing, claims processing, and other costs to the company	\$45.51	9.8
Underwriting Gain/Loss - Amount the company keeps after paying claims and administrative expenses	\$16.81	3.6
Total Request Rate	\$461.61	100

[Back to top](#)

Last three rate increases for this product:

Year	Requested	G
2012	17.60%	15.
2011	7.30%	7.3
2010	8.40%	8.4

[Back to top](#)

Who is reviewing this rate increase?

The rate increase request is being reviewed by the State.

State laws either:

- Allow the insurance regulator to review rate filings, but do not allow the regulator to stop a rate from being used, or
- Allow the insurance regulator to both review rate filings *and* stop an unreasonable rate from being used.

If a state's laws do not allow the insurance regulator to perform effective rate reviews, the federal government* will review any rate the individual or small group market.

*If the federal government is reviewing, [click here](#) to see the filing.

[Back to top](#)

Insurer's explanation of the rate increase

Empire HealthChoice HMO, Inc. has prepared the following written explanation of this rate increase.

[Back to top](#)

Comment on this rate increase

You may submit your comments about this rate increase to New York on its web site at http://www.dfs.ny.gov/insurance/health/prior_ email at PremiumRateIncreases@dfs.ny.gov; and by U.S. mail to the Health Bureau-Premium Rate Adjustments, New York State Department of Financial Services, 110 Beaver Street, New York, NY 10004.

[Home](#) **HealthCare.gov**

A federal government website managed by the [U.S. Department of Health & Human Services](#)
200 Independence Avenue, S.W. - Washington, D.C. 20201

[Accessibility](#)

[Privacy Policy](#)

[Plain Writing](#)

[Disclaimers](#)

[Viewers & Players](#)

[WhiteHouse.gov](#)

[USA.gov](#)

[GobiernoUSA.gov](#)

Take Action

[Find Insurance Options](#)

[Your Insurance Company &](#)

[Costs of Coverage](#)

[Prevention & Wellness](#)

[Compare Care Providers](#)

Get Help Using Insurance

[Managing Your Insurance](#)

[Understanding Insurance](#)

[Free or Low-Cost Care](#)

[Medicare & Long-Term Care](#)

[Employers & Self-Employed](#)

The Health Care Law & You

[Read the Law](#)

[Key Features of the Law](#)

[Timeline: What's](#)

[Changing & When](#)

[Information for You](#)

[Implementation Resources](#)

Rate Summary Worksheet

Per the Instructions, health insurance issuers proposing rate increases above the threshold fill in only those cells that are highlighted in GREY. The other cells are auto-populated.

OMB-0938-1141

A. Base Period Data

Start Period: 04/01/2011 **End Period:** 03/31/2012

Service Categories	Member Months	Total Allowed	Net Claims	Cost Sharing	Cost Sharing PMPM	Net PMPM	Allowed PMPM
Inpatient	603,097	\$ 62,194,480.30	\$ 60,740,182.42	\$ 1,454,297.88	2.41	100.71	103.13
Outpatient	603,097	\$ 48,510,299.88	\$ 46,912,756.30	\$ 1,597,543.58	2.65	77.79	80.44
Professional	603,097	\$ 99,055,399.98	\$ 89,037,721.87	\$ 10,017,678.11	16.61	147.63	164.24
Prescription Drugs	603,097	\$ 35,708,141.85	\$ 27,080,473.50	\$ 8,627,668.35	14.31	44.90	59.21
Other	603,097	\$ 1,422,781.90	\$ 1,337,480.07	\$ 85,301.83	0.14	2.22	2.36
Capitation	603,097	\$ 2,007,202.86	\$ 2,007,202.86	\$ 0.00	0.00	3.33	3.33
Total	603,097	\$ 248,898,306.77	\$ 227,115,817.02	\$ 21,782,489.75	36.12	376.58	412.70

B. Claim Projections

B1. Adjustment to the Current Rate

Start Period: 04/01/2012 **End Period:** 03/31/2013

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	0.9347	\$ 96.39	\$ 94.39	0.0208
Outpatient	0.9365	\$ 75.33	\$ 72.90	0.0322
Professional	0.9496	\$ 155.96	\$ 138.36	0.1128
Prescription Drugs	1.0000	\$ 59.21	\$ 43.15	0.2712
Other	0.9417	\$ 2.22	\$ 2.08	0.0644
Capitation	1.1203	\$ 3.73	\$ 3.73	0.0000
Total		\$ 392.84	\$ 354.61	0.10

B2. Claims Projection for Future Rate

Start Period: 04/01/2013 **End Period:** 03/31/2014

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1200	\$ 107.96	\$ 106.29	0.0155
Outpatient	1.1200	\$ 84.37	\$ 82.09	0.0270
Professional	1.1200	\$ 174.67	\$ 155.81	0.1080
Prescription Drugs	1.1200	\$ 66.31	\$ 48.59	0.2673
Other	1.1200	\$ 2.49	\$ 2.34	0.0594
Capitation	1.1200	\$ 4.18	\$ 4.18	0.0000
Total		\$ 439.98	\$ 399.29	0.09

B3. Medical Trend Breakout

Factor	Impact
Utilization	13.9000%
Unit Cost	62.3000%
Other Factors	23.8000%

C. Components of Current and Future Rates

	Future Rate		Prior Estimate of Current Rate		Difference	
	PMPM	%	PMPM	%	PMPM	%
1. Projected Net Claims	\$ 399.29	86.50%	\$ 331.67	90.10%	\$ 67.62	72.32%
2. Administrative Costs	\$ 45.51	9.86%	\$ 33.59	9.13%	\$ 11.92	12.75%
3. Underwriting Gain/Loss	\$ 16.81	3.64%	\$ 2.85	0.77%	\$ 13.95	14.92%
4. Total Rate	\$ 461.61	100.00%	\$ 368.11	100.00%	\$ 93.50	100.00%
5. Overall Rate Increase		25.40%				

D. Components of Rate Increase

	Impact on Rate	Percent
Claims Components		
1. Inpatient	\$ 11.33	16.75%
2. Outpatient	\$ 8.75	12.94%
3. Professional	\$ 16.60	24.55%
4. Prescription Drugs	\$ 5.18	7.66%
5. Other	\$ 0.25	0.37%
6. Capitation	\$ 0.45	0.66%
7. Cost Share	\$ 2.13	3.15%
8. Correction of Prior Net Claims Estimate	\$ 22.94	33.93%
9. Total	\$ 67.62	100.00%
Claims Restatement for Current Rate Period		
8.a. Prior Net Claims Estimate for Current Rate Period	\$ 331.67	
8.b. Re-Estimate of Net Claims PMPM for Current Rate Period	\$ 354.61	

E. List of Annual Average Rate Changes Requested and Implemented in the Past Three Calendar Years

Calendar Year	New Form	Requested	Implemented
2012	N	17.6000%	15.7000%
2011	N	7.3000%	7.3000%
2010	N	8.4000%	8.4000%

F. Range and Scope of Proposed Increase

Number of Covered Individuals	Threshold Rate Increase
43,502	25.4000%

	Range of Rate Increase
Minimum % Increase	25.4000%
Maximum % Increase	25.4000%

Last Updated: 10/19/12 9:58 AM

Empire HealthChoice HMO
Consumer Disclosure for Proposed Health Insurance Rate Increase
Healthy New York
Rate Change Effective April 2013

Scope and Range of the Rate Increase

Empire proposes to increase its rates for Healthy New York by an average of 25.4% effective April 1, 2013 for all policyholders. This rate increase will impact approximately 44,000 members. This product is a state defined product which includes members from both the small group and individual markets.

Financial Experience

In 2011 Empire reported a 95.8% Affordable Care Act (ACA) medical loss ratio (MLR) for all SG HMO-based plans and 89.9% for all Individual HMO-based plans, which both far exceeded the minimum MLR requirement of 82%. Empire was not required to issue rebates as more dollars were spent on medical care and quality programs than required by the ACA. We anticipate these proposed rates will produce an MLR of 86.5% for the Healthy New York members impacted by this filing. Empire again expects to exceed the MLR requirements, the percentage of premiums spent on medical care and quality programs, for 2013.

Changes in Medical Costs

The primary drivers of premium increases are associated with increases in the unit cost of services primarily from hospitals, physicians and pharmaceutical companies, coupled with changes in consumption of services, or utilization, by members. Increases in unit costs are driven by technology advances, cost shifting to private insurers from underfunded Medicaid and Medicare reimbursement and a variety of other factors. Changes in utilization of services can be driven by the aging of the population, benefit design and many other factors.

Based on the performance of this product, our current rates were set at an inadequate level and are unsustainable. This rate action is expected to move the rates toward an adequate level to compensate for both anticipated utilization and the annual increases in the cost of medical care.

As illustrated in the attached exhibit, claim costs grew much faster than anticipated. Approximately one third of the requested increase is due to claim levels higher than previously expected.

Changes in Benefits

The second quarter 2013 annual increase, without benefit changes, is 24.9%. Included in this federal justification are benefit changes required by the ACA. Effective August 1, 2012 the ACA required list of preventive care services was revised to include certain women's preventive care benefits for non-grandfathered members. The impact of this change is an approximate 0.5% increase in PMPM.

Administrative Costs

Empire continues to manage administrative and selling costs compared to prior years; however as membership drops and costs continue to rise, we must build in slightly more for administrative costs each year.

Underwriting Gain/Loss

The underwriting gain/loss ultimately represents the amount Empire keeps after paying claims and administrative costs. Last year, the approved increase included the assumption of less than 1% underwriting gain/loss. This rate request includes, in our opinion, a more reasonable gain/loss, to allow for unexpected fluctuations as well as some profit.