



Administration  
PO Box 4332  
Kingston, NY 12402

## Additional Information About Your GHI HMO 2011 Premium Rates

<<Date>>

«Group\_Name1» «Group\_Name2»  
«Contact Name»«Contact Last Name»  
«Street Add 1»  
«Street Add 2»  
«City», «State» «Zip Code»

**Selling Agent**  
«SA Name»  
«SA Street Add 1»  
«SA Street Add 2»  
«SA City», «SA State» «SA Zip Code»

Dear «Contact First Name» «Contact Last Name»:

We recently sent you a notice about your estimated 2011 premium rates, which we realize are higher than you might have expected. Our intent in the notice was to provide you with our best estimate of your final 2011 rates. In response to complaints from members, and at the direction of the New York State Insurance Department (“NYSID”), we are sending this second notice to clarify the basis of the proposed increase.

As we explained in our earlier letter, a new law gives NYSID the ability to review and approve rates before insurers can begin charging the new rate. In our original notice, we should have stated that the majority of the proposed rate increase was related to increases that we had filed and implemented before the new “prior approval” law took effect. This letter identifies those components that are subject to prior approval by NYSID, and provides an overview of how each component was factored into your proposed 2011 rates.

Please note that there are four components in your rate increase request, the first three of which the Insurance Department may approve, disapprove or modify:

**1. New Increases in Medical Costs (about 6 percent).** This increase request is driven by the rising costs of health care, including higher payments to doctors and hospitals and the increased use of expensive new technologies and prescription drugs.

**2. Elimination of Timothy’s Law Subsidy (about 1 percent).** This increase represents the elimination of the subsidy New York State has been paying for small groups for mental health benefits mandated under Timothy’s Law.

**3. Federal Health Care Reform (about 7.3 percent).** This increase reflects additional benefits required by the federal Patient Protection and Affordable Care Act (“PPACA”), which provide consumers such as you with additional protections, including:

- Elimination of annual and lifetime dollar limits on essential benefits at the time of policy renewal for in-network and out-of-network care<sup>1</sup>
- Waiving of pre-existing condition limitations for enrollees under age 19 (end of month)
- Continued coverage for dependents on their parents’ health plan until age 26 (end of month)<sup>2</sup>
- Elimination of in-network cost-sharing for preventive care services
- Identical copays and coinsurance for emergency room services whether obtained in network or out of network

**4. Rates Increased by Us Before the New Prior Approval Law Was Passed (remainder of the rate increase).** The remainder of our rate increase requests reflects premium adjustments we filed with NYSID prior to the third quarter of 2010 and were not subject to prior Insurance Department review or approval. This component of your increase was, like the first component above, driven by the rising costs of health care.

*Continued on reverse*

<sup>1</sup>“Essential Benefits” include ambulatory care; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative care; laboratory services; preventive and wellness services and chronic disease management; and pediatric services including oral and vision care.

<sup>2</sup> If your benefit plan provides dependent coverage through age 29, that coverage will remain in effect unless you drop your extended dependent coverage rider.

Additionally, the state of the economy has led a large number of our members — many of whom are baby boomers nearing retirement age — to move to lower-cost coverage such as our high-deductible plans. Over the past year, many members in these plans required more expensive medical care than our prior experience would have anticipated. This, combined with rising health care costs, resulted in significantly higher claim costs and losses on many of our products, which often were priced below market for similar products.

Even with the requested premium rate increases, if you compare our products with those of other health plans and insurers, we believe you will find that our rates are competitive in the region. EmblemHealth cost-reduction options that could help you lower your 2011 premiums appear below. If you are a group administrator, we encourage you to discuss these options with your broker.

If you have any questions, you may do one of three things: call Account Services at **1-877-244-4466**, send an e-mail to **[premiumratefilings@emblemhealth.com](mailto:premiumratefilings@emblemhealth.com)**, or write to EmblemHealth, Att: Premium Rate Filings, P.O. Box 2890, New York, NY 10117-2087.

Thank you.

Sincerely,



George Babitsch  
Senior Vice President  
Account Management and Underwriting

#### A RANGE OF COVERAGE OPTIONS

EmblemHealth offers a range of coverage choices, including flexible pharmacy and benefits designs and cost-sharing options designed to meet all budget levels. If you are an employer, you have the option to offer your employees more than one EmblemHealth plan and can choose from among the EmblemHealth PPO, EPO, ConsumerDirect High-Deductible Health Plan and InBalance alternatives. Available statewide, these plans are served by the EmblemHealth National Network and underwritten by GHI, an EmblemHealth company. You can also choose CompreHealth, available in New York City and Nassau, Suffolk and Westchester counties. This option is served by the EmblemHealth NY Metro network and underwritten by HIP, another EmblemHealth company.

#### MORE ABOUT HEALTH CARE REFORM

Health care reform brings significant changes to health care coverage. The Patient Protection and Affordable Care Act (PPACA), commonly known as health care reform, has a 10-year implementation period. The most immediate product benefit changes, effective on your renewal date, appear on the front of this letter. For certain employers with fewer than 25 employees, the law also creates an opportunity for a tax credit of up to 35 percent of the employer's contribution toward his or her employees' health insurance premiums. For details on health care reform and how it may apply to you, or for more information about the tax credit, please visit **[www.emblemhealth.com/reform/](http://www.emblemhealth.com/reform/)**.