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## MEMORANDUM

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**To:** Barbara Caress  
**From:** Lucas Pauls  
**Date:** 2/27/09  
**Re:** Calculation of the costs of the TPA assessment

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Governor Patterson put forth a new assessment on self-insured businesses in an attempt to close the immense budget gap. This assessment places a \$1 charge on every claim adjudicated that is of a total value of \$20 or more, including co-pay amounts, deductibles, or co-insurance. This means that even if the self-insured party pays less than \$20, but the total paid out by a combination of parties is greater than \$20 then the assessment would be levied. These claims are not limited to medical, but would include any claim touched by a TPA. The assessment should only be counted once per unique claim, and not every time the claim is processed. Claims will be assessed if the claim originated in New York State, the member lives in New York State, or the self-insured party is located in New York State.

In the case of the estimates created for the 32BJ Health Fund we looked at all medical, dental, prescription, and vision claims. The claim count of all claims greater than \$20 was taken from the raw claims provided by our vendors. In this particular estimate the raw claims were taken only from the fourth quarter 2008 raw claims reports and results were multiplied by 4 to give an annual estimate. The estimate does not factor in growth and is not adjusted for changes in utilization.

The above mentioned assumptions are based on NYS proposed budget as described on the NYS proposal<sup>1</sup>, various documents found on the NYS HCRA website, and a meeting with Joe Baker, Acting Deputy Director for Health and Human Services, on 2/24/09. Of course, much of the mechanics and details involving this assessment are not finalized and thus the numbers below should be seen as rough estimates. The following are the proposed charges and assessments and their estimated effect on 32BJ in 2009.

<i>All Claims</i>	<i>Cost</i>
Medical	\$1,470,916
Prescription	\$500,916
Dental	\$147,055
Vision	\$14,004
<b>Total</b>	<b>\$2,132,891</b>

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<sup>1</sup> <http://publications.budget.state.ny.us/eBudget0910/fy0910littlebook/BriefingBook.pdf>