UFCW Local 1500 Welfare Fund

Associated Administrators, LLC Report

December 11, 2018

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ASSOCIATED ADMINISTRATORS

Agenda

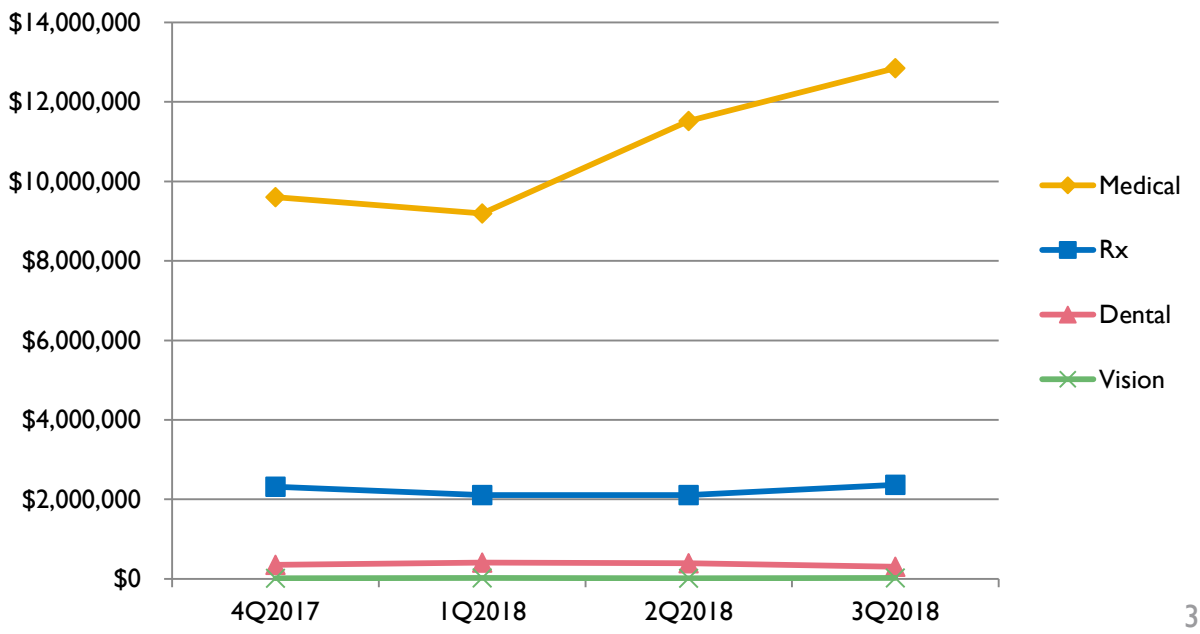
- AMR Summary and Claims Utilization Report 3Qtr 2018
  - Full Time
  - Special Part Time
  - Part Time ACA
  - Basic Part Time
  - Retiree
  - Summary and Reserve
- JAA Status Update
  - Snapshot
  - Top Five Health Conditions
  - Top Five Providers
- In-Network vs. Out-of-Network
- Out-Of-Network Discount Report
- Other Fund Business

AMR Summary : 3Q2018

Full Time Plan

	4Q2017	1Q2018	2Q2018	**3Q2018**
Medical	$9,604,705	$9,190,458	$11,515,640	**$12,847,618**
Rx	$2,317,559	$2,112,270	$2,112,270	**$2,369,669**
Dental	$351,498	$407,140	$393,901	**$305,184**
Vision	$18,450	$19,763	$18,111	**$23,184**

- **3Q18 deficit of $2,858,930**
- **PPPM Cost 3Q18 - $1,586**



Claims – 3Q2018

FULL-TIME PLAN

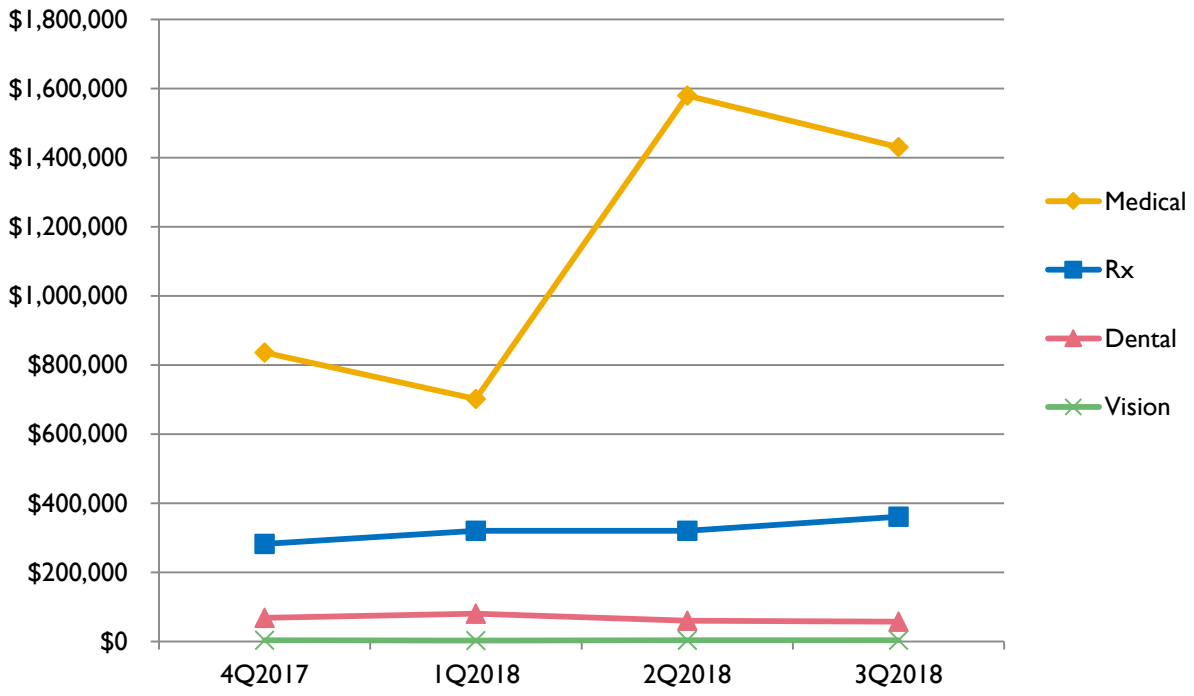
	4Q2017	1Q2018	2Q2018	**3Q2018**
Medical	$2,161,974.26	$1,990,873.26	$2,294,670.38	**$1,913,241.57**
Hospital	$5,079,184.45	$5,188,515.10	$7,007,948.40	**$6,966,432.00**
Inpatient Substance Abuse	$7,261.75	$3,806.85	$40,585.44	**$6,760.00**
Laboratory & X-Ray	$1,064,176.61	$919,465.66	$1,056,249.59	**$1,091,404.41**
Surgery	$580,156.02	$843,495.54	$820,513.42	**$1,431,103.60**
Anesthesia	$259,281.52	$244,301.76	$295,672.54	**$290,428.43**
Vision	$18,450.00	$19,763.00	$18,111.00	**$23,184.00**
Dental	$351,497.74	$407,139.89	$393,901.15	**$305,184.37**
Prescription	$2,317,559.00	$2,112,270.00	$2,112,270.00	**$2,369,669**

AMR Summary : 3Q2018

Special Part Time Plan

	4Q2017	1Q2018	2Q2018	**3Q2018**
Medical	$835,542	$701,469	$1,579,297	**$1,430,007**
Rx	$282,319	$319,638	$319,638	**$360,352**
Dental	$68,193	$80,061	$60,148	**$57,363**
Vision	$2,992	$2,734	$3,220	**$3,217**

- **3Q18 deficit of $645,734**
- **PPPM Cost 3Q18 - $815**



Claims cont'd – 3Q2018

SPECIAL PART-TIME PLAN

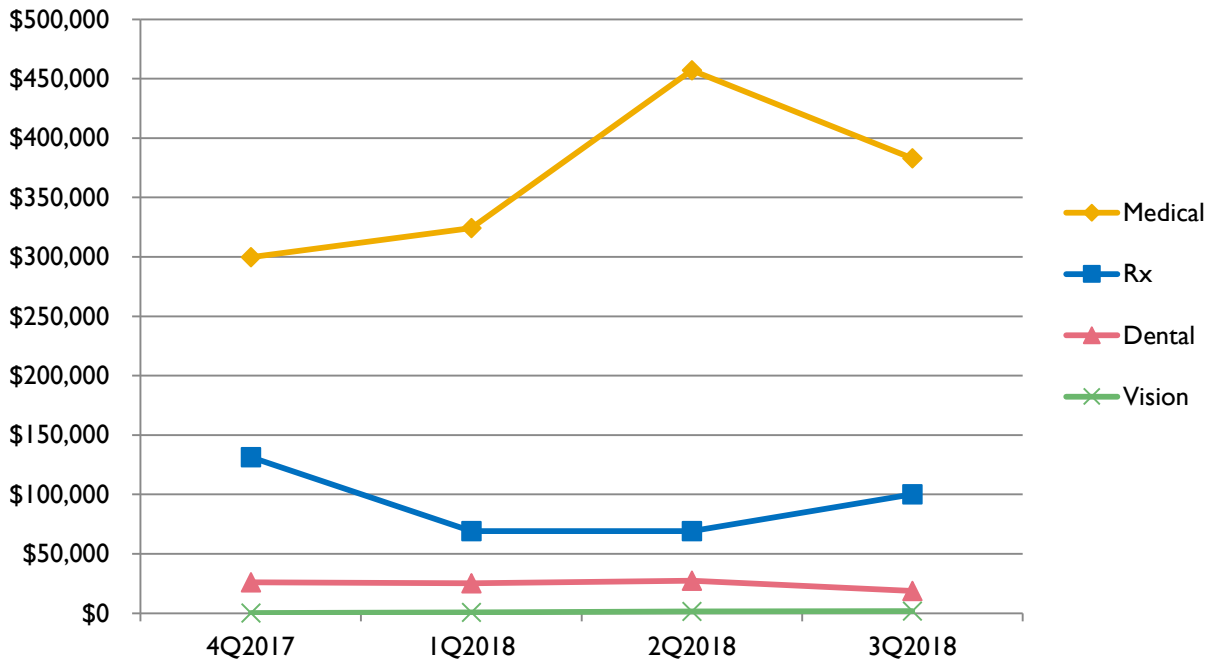
	4Q2017	1Q2018	2Q2018	**3Q2018**
Medical	$210,797.03	$165,087.37	$147,174.93	**$151,950.87**
Hospital	$466,927.86	$323,127.94	$1,224,878.07	**$975,432.56**
Laboratory & X-Ray	$134,394.38	$110,671.10	$136,581.16	**$97,902.07**
Surgery	$51,491.43	$77,994.40	$43,348.18	**$59,620.11**
Anesthesia	$23,989.10	$24,587.75	$27,314.97	**$25,059.45**
Vision	$2,992.00	$2,734.00	$3,220.00	**$3,217.00**
Dental	$68,193.00	$80,060.65	$60,147.85	**$57,362.75**
Prescription	$282,319.00	$319,638.00	$319,638.00	**$360,352**

AMR Summary : 3Q2018

Part Time ACA Plan

	4Q2017	1Q2018	2Q2018	**3Q2018**
Medical	$299,844	$324,333	$457,102	**$383,109**
Rx	$131,308	$69,232	$69,232	**$100,078**
Dental	$25,918	$25,209	$27,332	**$18,821**
Vision	$295	$827	$1,409	**$1,855**

- **3Q18 surplus of $249,149**
- **PPPM Cost 3Q18 - $332**



Claims cont'd - 3Q2018

PART-TIME ACA PLAN

	4Q2017	1Q2018	2Q2018	**3Q2018**
Medical	$44,401.03	$82,581.65	$42,167.26	**$35,984.97**
Hospital	$234,818.87	$217,190.81	$370,124.62	**$264,207.56**
Inpatient Substance Abuse	-$2,995.00	$0.00	$0.00	**$0.00**
Laboratory & X-Ray	$21,324.36	$12,068.33	$20,651.95	**$14,775.31**
Surgery	$14,933.86	$7,084.13	$15,112.80	**$4,083.60**
Anesthesia	$6,521.23	$5,408.00	$9,045.00	**$5,604.66**
Vision	$295.00	$827.00	$1,409.00	**$1,855.00**
Dental	$25,917.95	$25,208.65	$27,322.40	**$18,820.65**
Prescription	$131,308.00	$69,232.00	$69,232.00	**$100,078**

JAA Claims – 3Q2018
Part-Time ACA Plan Deductible/Out-of-pocket maximum

- **22 members met their $5,600 deductible for the 2018 plan year by the end of the 3rd quarter.**
- **Utilization below -- amounts shown include first $400 basic benefit.**

Member	AMOUNT PAID THROUGH 3Q2018	Member	AMOUNT PAID THROUGH 3Q2018
1	$ 550,036.39	12	$ 7,141.57
2	$ 139,103.13	13	$ 5,939.46
3	$ 92,972.10	14	$ 4,321.18
4	$ 19,743.17	15	$ 3,673.53
5	$ 17,311.28	16	$ 3,143.86
6	$ 16,114.41	17*	$ 2,867.39
7	$ 15,324.54	18	$ 1,350.37
8	$ 11,590.28	19	$ 1,256.12
9	$ 11,552.37	20	$ 1,025.73
10	$ 11,085.16	21	$ 1,003.92
11	$ 9,594.06	22*	$ 553.24

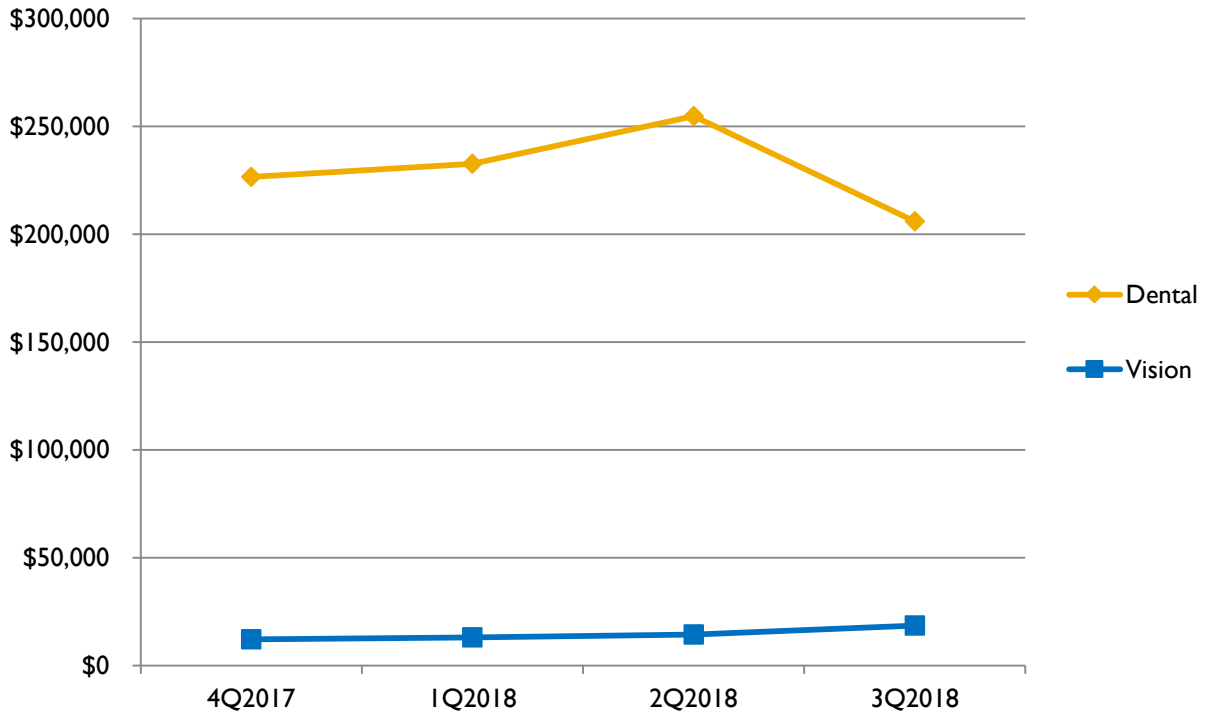
* Member's Part-Time ACA Benefits have terminated.

AMR Summary : 3Q2018

Part Time Plan

	4Q2017	1Q2018	2Q2018	**3Q2018**
Dental	$226,580	$232,746	$254,824	**$205,925**
Vision	$12,185	$13,010	$14,440	**$18,547**

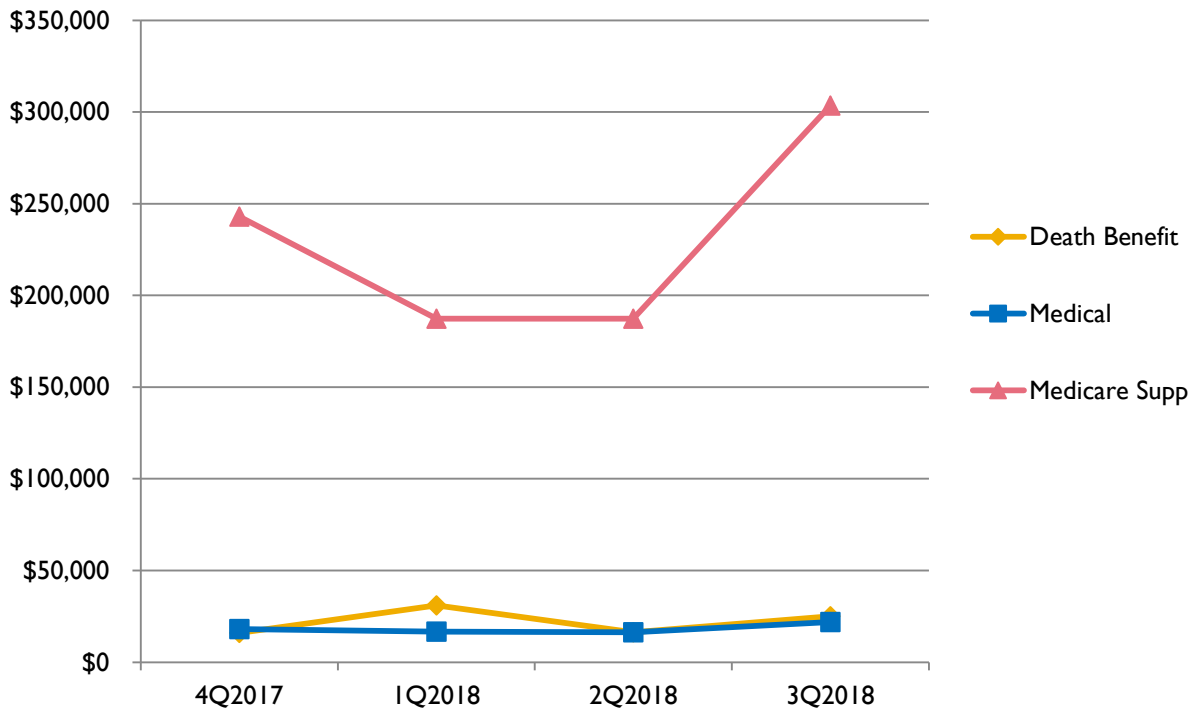
- **3Q18 surplus of $2,166,774**
- **PPPM Cost 3Q18 - $28**



AMR Summary : 3Q2018

Retiree Plan

	4Q2017	1Q2018	2Q2018	**3Q2018**
Death Benefit	$16,000	$31,000	$16,333	**$25,000**
Medical	$18,055	$16,644	$16,318	**$21,862**
Medicare Supp Part B Reimbursement	$243,057	$187,284	$187,284	**$303,547**



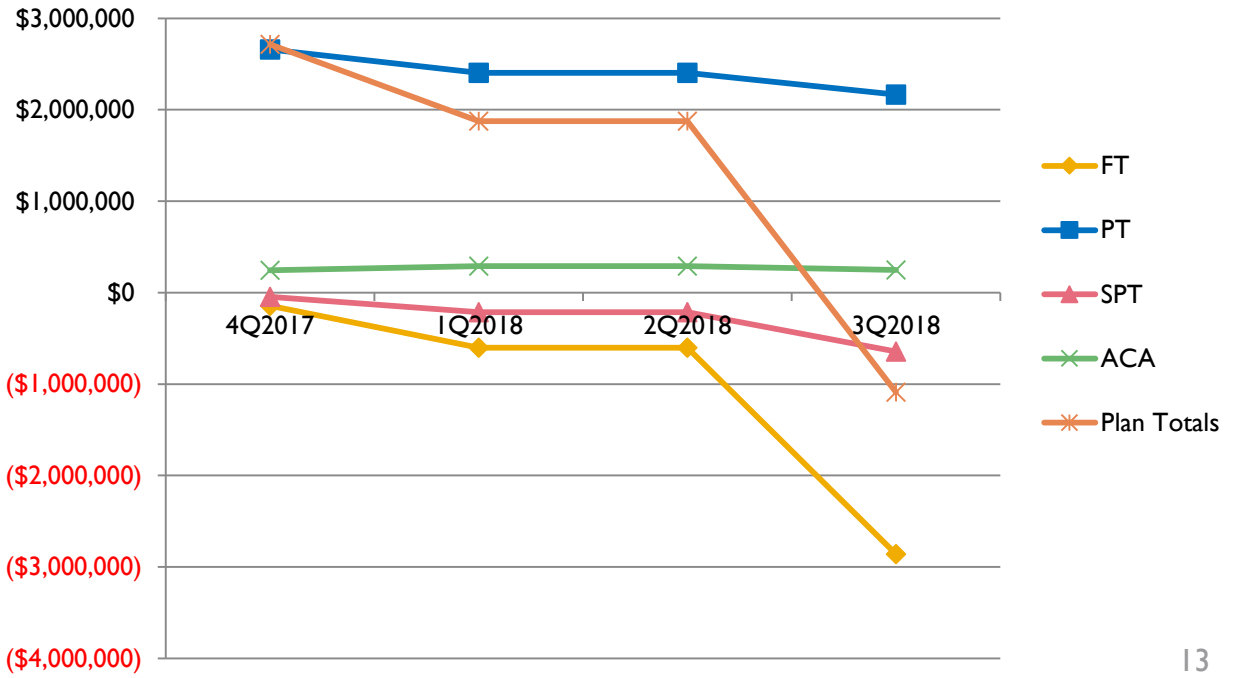
Claims cont'd - 3Q2018

RETIREES				
	4Q2017	1Q2018	2Q2018	**3Q2018**
Death Benefit	$16,000.00	$31,000.00	$16,333.34	**$25,000.00**
Hospital	$17,133.79	$15,382.14	$13,164.56	**$16,220.85**
Medical	$574.20	$411.97	$1,725.99	**$3,823.59**
Surgery	$346.72	$832.14	$1,258.47	**$1,644.79**
Anesthesia	$0.00	$18.11	$169.14	**$172.82**

AMR Summary : 3Q2018

All Plans: Surplus/Deficit

	4Q2017	(1/2 2018 YTD) 1Q2018 Est.	(1/2 2018 YTD) 2Q2018 Est.	**3Q2018**
FT	($143,161)	($602,184.50)	($602,184.50)	**($2,858,930)**
PT	$2,659,772	$2,402,634	$2,402,634	**$2,166,774**
SPT	($44,658)	($215,552)	($215,552)	**($645,734)**
ACA	$242,910	$290,110.50	$290,110.50	**$249,149**
Plan Totals	$2,714,863	$1,875,008.00	$1,875,008.00	**($1,088,741)**



AMR Summary : 3Q2018 Fund Reserve

- Average monthly expense April 2017 – September 2018 is **$5,644,615.22**

- Fund reserve amount is **$49,056,790**, as reported by Fund Auditor 9/30/18

9/30/18 – Fund reserve is 8.7 months

Monthly reserve at past quarterly meetings:

6/30/18	8.9 months
3/31/18	N/A*
12/31/17	7.8 months
9/30/17	7.1 months
6/30/17	7.0 months
3/31/17	6.1 months

*Based on 6 month financial statement.

JAA Status Update

Snapshot

Month	Claims Processed	Billed Amount	Paid Amount	Difference
December '17	8,293	$10,575,799.91	$3,466,634.87	67.22%
January '18	7,660	$10,081,962.28	$3,002,485.97	70.22%
February '18	8,589	$12,954,318.89	$3,188,428.52	75.39%
March '18	8,175	$12,208,949.84	$3,210,209.57	73.71%
April '18	8,306	$12,530,815.57	$4,187,683.66	66.58%
May '18	9,089	$13,088,467.24	$4,445,518.66	66.03%
June '18	8,347	$11,000,237.34	$4,221,386.30	61.62%
July '18	8,349	$11,704,735.43	$3,982,485.84	65.98%
August '18	9,565	$11,482,087.21	$3,737,171.08	67.45%
September '18	7,797	$12,035,479.69	$4,176,199.60	65.30%
October '18	9,815	$10,913,180.63	$3,411,174.84	68.74%
November '18	8,700	$13,978,226.13	$4,997,551.58	64.25%
Totals	**102,686**	**$142,554,260.16**	**$46,026,930.49**	**67.71%**

JAA Claims – 3Q2018

- Top 5 Diagnoses By Expense By Plan

FULL-TIME

Amount Paid	Diagnosis
$279,386.21	Acute and subacute infective endocarditis
$256,245.27	Sepsis, unspecified organism
$233,432.00	Stenosis of cardiac prosthetic devices, implants and grafts, initial encounter
$216,503.40	Unilateral primary osteoarthritis, left knee
$201,658.26	Hemorrhage of vascular prosthetic devices, implants and grafts, initial grafts

PART-TIME ACA

Amount Paid	Diagnosis
$171,165.00	End stage renal disease
$15,746.05	Chronic or unspecified duodenal ulcer with perforation
$15,225.32	Crohn's disease of large intestine with other complication
$13,481.70	Type 2 diabetes mellitus with diabetic neuropathy, unspecified
$13,291.30	Hypertensive heart disease with heart failure

JAA Claims – 3Q2018

- Top 5 Diagnoses By Expense By Plan

SPECIAL PART-TIME	
Amount Paid	**Diagnosis**
$232,801.49	Nontraumatic subarachnoid hemorrhage from right posterior communicating artery
$106,437.09	Sepsis due to Methicillin susceptible Staphylococcus aureus
$87,686.79	Aneurysm of other specified arteries
$80,514.99	Psoriasis vulgaris
$78,175.54	Malignant neoplasm of sigmoid colon

JAA Claims – 3Q2018

- Top 5 Providers By Expense By Plan

FULL-TIME	
Provider	**Amount Paid**
New York Presbyterian Hospital	$711,074.34
North Shore University Hospital	$612,867.16
Vassar Brothers Medical Center	$475,289.30
Stony Brook University Hospital	$444,206.10
Winthrop University Hospital	$437,264.84

PART-TIME ACA	
Provider	**Amount Paid**
Great Falls Dialysis, LLC	$170,493.12
New York City Health & Hosp	$22,593.58
St. Joseph Regional Medical Center	$19,124.39
Hackensack Medical Center	$15,944.60
The Stamford Hospital	$14,744.99

JAA Claims – 3Q2018

- Top 5 Providers By Expense By Plan

SPECIAL PART-TIME	
Provider	**Amount Paid**
Lenox Hill Hospital	$304,919.96
NY Hospital Medical Center-Queens	$156,288.19
Westchester Healthcare Corp	$98,231.83
Mount Sinai Hospital	$90,960.43
Southside Hospital	$86,420.49

In-Network vs. Out-of-Network : 3Q2018

- **Inpatient Facility Utilization**
  - **In-Network Total:** **$5,608,527.78**
    - Full-Time: $4,795,963.65
    - Part-Time ACA: $60,830.72
    - Special Part-Time: $751,733.41
  - **Out-of-Network Total:** **$0.00**
- **Outpatient Facility Utilization**
  - **In-Network Total:** **$2,467,196.18**
    - Full-Time: $2,077,222.82
    - Part-Time ACA: $199,044.48
    - Special Part-Time: $190,928.88
  - **Out-of-Network Total:** **$62,522.30**
    - Full-Time: $55,294.00
    - Part-Time ACA: $0.00
    - Special Part-Time: $7,228.30
- **Inpatient & Outpatient Professional Fees**
  - **In-Network Total:** **$4,164,610.43**
    - Full-Time: $3,776,658.10
    - Part-Time ACA: $64,780.90
    - Special Part-Time: $323,171.43
  - **Out-of-Network Total:** **$1,031,134.48**
    - Full-Time: $994,231.44
    - Part-Time ACA: $0.00
    - Special Part-Time: $36,903.04

HRGi
Out-Of-Network Discounts

- July 2018 Invoice – Total billed $1,808,757.39
  - Discount: $826,300.95 – net of fees
  - Average: 46% per claim
- August 2018 Invoice – Total billed $718,603.12
  - Discount: $365,471.06 – net of fees
  - Average: 51% per claim
- September 2018 Invoice – Total billed $851,605.89
  - Discount: $418,023.34 – net of fees
  - Average: 49% per claim
- October 2018 Invoice – Total billed $485,106.67
  - Discount: $201,920.01 – net of fees
  - Average: 42% per claim

July 2018 through October 2018

Total billed: $3,864,073.07

Total discount: $1,811,715.36 – net of fees

Average: 46.89%

Other Fund Business

- Subrogation Recovery 3Q2018
  - Full-Time Plan: Total medical liens were $2,700.77 (100% recovered)
- Plan Reporting – ACA sections 6055 and 6056
  - Forms 1094-B/1095-B due 2/28/19
- Maryland Unclaimed Property: $132.26

NAME: **SS#:**

UFCW LOCAL 1500 WELFARE FUND

LOCAL: 1500
STATUS: Full Time

ISSUE: Prescription Benefit – Drug Quantity Management #Rx18/166-1219

FUND RULE:
"**Effective October 1, 2015 –** The Prescription Drug Benefit is amended to include Utilization Management (hereinafter 'UM') administered by Express Scripts, Inc. (hereinafter 'ESI'). The Plan's UM program will consist of 3 components: (1) Prior Authorization (hereinafter 'PA') of medications, (2) Step Therapy and (3) Drug Quantity Management.

Drug Quantity Management (DQM). DQM is a program that is designed to make use of prescription drugs safer and more affordable. It provides the medication you need while making sure you receive it in the amount (or quantity) considered safe.

There are certain medications in this program. For those medications, you may only receive a specified amount. The quantity dispensed allows you to receive medication (1) in the daily dose considered safe and effective by the U.S. Food & Drug Administration (hereinafter 'FDA') (i.e., for a medication you take once a day, the Plan will allow you to fill a prescription for 30 pills/capsules) and/or (2) in a more cost effective manner (i.e., if a prescription is available in different strengths, sometimes you can take a higher strength pill rather than 2 smaller strength pills). In that way, you would have one co-payment instead of two.

The ESI DQM program follows guidelines developed by the FDA. These guidelines recommend the maximum quantities considered safe for prescribing certain drugs. The DQM program includes drugs which might be unsafe if the quantity you receive is larger than the guidelines recommend (i.e., it includes medications that are not easily measured like nose sprays and inhalers).

DQM works as follows: When you submit your prescription, your pharmacist's computer system will note that the prescription is for a non-covered amount of medication. This could mean that you have asked for a prescription too soon or your doctor wrote the prescription for a quantity larger than the Plan covers. If the quantity on your prescription is too large, you can ask the pharmacist to fill the prescription as written, but for the amount allowed under the DQM guidelines. You will pay the appropriate co-payment. This may mean you will have to fill the prescription more frequently which, in turn, could end up costing you additional co-payments OR you can ask the pharmacist to contact your doctor to discuss changing the prescription (for example if the issue is the strength of the medication and your physician is prescribing a low dosage medication, the pharmacist and doctor can discuss the possibility of having a higher strength medication dispensed) OR your doctor can contact ESI and request a PA for the medication as written. If the request is denied, you can still get the medication, however, it will be dispensed in the quantity recommended by the DQM. In those cases, you will continue to pay the Plan's co-payment each time you get a refill.

The DQM program applies to the Plan's Mail Order option as well. In those cases, ESI will try to contact your doctor to suggest either changing your prescription or asking for a PA. If your doctor is unavailable at the time ESI contacts him/her and ESI does not hear from him/her within 2 days, ESI will fill your prescription for the quantity covered under the DQM.

PLEASE NOTE: The DQM program does not deny you access to your needed medication. It simply ensures that the Plan provides the prescription drugs you need in the quantities that follow the Plan's guidelines for safe and economical use, as determined by the FDA."
(UFCW Local 1500 Full Time Employees Benefit Plan Summary of Material Modifications, July 21, 2015)

SUMMARY: Appeal Received: September 21, 2018

The **participant** is appealing to be allowed coverage of Depo Provera 150mg/mL (medroxyprogesterone 150mg/mL) once every 6 to 7 weeks (42 - 49 days) as opposed to the Plan limit of once every 68 days. It was noted that Depo Provera is a birth control medication. The participant states she has been using Depo Provera since 2012 for a medical condition (endometriosis) and not for birth control purposes. Included with the appeal was a letter of medical necessity from Dr. Alex G. Hirsch. Dr. Hirsch states that the participant has been prescribed Depo Provera 150mg/mL once every 6 to 7 weeks to control this condition.

After the appeal was received, Associated Administrators contacted Express Scripts. Express Scripts advised that pharmacy claims for medroxyprogesterone 150mg/mL (generic Depo Provera) were paid on February 11, 2018, April 23, 2018, July 2, 2018, and September 9, 2018 (between 69 and 71 days apart). Pharmacy claims for this medication were denied on April 20, 2018, June 24, 2018, September 7, 2018, and September 19, 2018 because the Plan limit was exceeded. Express Scripts states there is no further review available at their firm for this request.

Medical records received with the appeal were sent to HealthLink for review. HealthLink advised Associated Administrators on October 2, 2018 that Depo Provera for the treatment of endometriosis **is medically necessary**, however, HealthLink was unable to advise on the frequency of the injection.

ACTION: **Approved** ☐ **Denied** ☐ **Tabled** ☐
COMMENTS:

NAME: **SS#:**
REGARDING:

UFCW LOCAL 1500 WELFARE FUND

LOCAL: 1500
STATUS: Full Time

ISSUE: Hospital/Medical – Pre-Authorization, Medical Necessity #M18/163-3756

FUND RULE:
"Medical Limitations and Exclusions
- Treatment, services, prosthetics, or orthotic appliances which, in [the Fund's] judgment, are not medically necessary or appropriate."
(UFCW Local 1500 Full Time Employees Benefit Plan SPD, Page 47)

SUMMARY: Appeal Received: August 31, 2018

The **provider,** Dr. John Keleman, is appealing on behalf of the participant's spouse for coverage of SCIG (Subcutaneous Immunoglobulin) therapy. Dr. Keleman states, "The patient, a 61-year-old female, is post-hypoxic ischemic encephalopathy related to anaphylactic shock in 2013. Recovered to the point of conversing, eating, and interacting with family getting total care due to four limb dysfunction. In 2015, she began to develop a head drop which eventually progressed to [the] point where she can barely lift her head. This has significantly impaired her speech. On September 22, 2017, [she] began a three day course of IV methylprednisolone which she was able to lift her head, eat, and communicate better. Continued use was hampered by lack of venous access and long term side effects. I believe that the patient's neck extensor muscle weakness, developing two years after her dramatic event, is part of a more diffuse myopathy. Her favorable response to corticosteroids suggests an immune basis. A trial of SCIG is requested. A total of 2gm/kg over four days. This is to try to maintain what little quality of life this poor lady has."

After the appeal was received, Associated Administrators contacted HealthLink. HealthLink advised that a review of SCIG therapy was conducted by their firm on August 23, 2018 and found to be **not medically necessary**, stating, "We cannot approve coverage for a blood product to help your immune system (Intravenous Immune Globulin) (IVIG). Your request tells us you may have a muscle problem, polymyositis. IVIG should only be used when it is certain that you have this problem. We need to see results of muscle tests or other findings that meet nationally recognized criteria for polymyositis. Because your request does not show this, we cannot say that IVIG is medically necessary." A peer-to-peer review was subsequently conducted between HealthLink and Dr. Keleman on August 27, 2018 HealthLink upheld their original recommendation at that time, stating, "[Dr. Keleman] had no further CI to meet criteria for polymyositis, but states the diagnostic criteria are out-of-date and he strongly suspects polymyositis and wishes to provide a trial of IVIG for [member] with severe disability, including head drop that interferes with eating and communication."

ACTION: **Approved** ☐ **Denied** ☐ **Tabled** ☐
COMMENTS:

NAME: **SS#:**
REGARDING:

UFCW LOCAL 1500 WELFARE FUND

LOCAL: 1500
STATUS: Full Time

ISSUE: Eligibility – Request to Cancel Dependent Coverage #E18/176-6871

FUND RULE:
"**Rules and Regulations - Initial Coverage**

Who are your eligible dependents?
Your eligible dependents are as follows:
(a) The employee's lawful spouse (husband or wife) unless legally separated.

Rules and Regulations - Termination of Coverage
When will coverage terminate?
The coverage for yourself and your eligible dependents will terminate on the day any of the following occur, unless otherwise noted:

1) If you cease to be employed by a contributing employer, your eligibility continues to the end of the month in which your employment ceases.
2) If your employer ceases to be a contributing employer (or fails to make necessary contributions on a contractual due date), your eligibility continues to the end of the month in which your employer's contribution ceases.
3) If the Plan is discontinued or a specific benefit is terminated.
4) A dependent's coverage will terminate when he/she is no longer an eligible dependent as defined above...".
(Quoted from the UFCW Local 1500 Welfare Fund Full Time Plan SPD, Pages 8-11)

SUMMARY: Appeal Received: November 5, 2018

The **participant** is appealing to cancel dependent coverage for his spouse. The participant states, "By mistake, I put my wife on my new medical plan. I'm requesting that she be taken off because she [has been] covered by Medicare and [a] supplement for years. Her plan is a much better plan for her."

A review of the participant's eligibility record indicates he was previously covered under the Special Part Time Plan through September 30, 2018. The participant became eligible for coverage under the Full Time Plan effective October 1, 2018 and enrolled his spouse for dependent coverage at that time. The Fund is considered to be the primary carrier for the participant's spouse over Medicare because he is actively working. The Fund cannot remove someone from coverage in a non-contributory Plan if they meet the definition of a "dependent."

ACTION: **Approved** ☐ **Denied** ☐ **Tabled** ☐
COMMENTS:

Conclusion

- Thank You
- Questions?