

UFCW Local 1500 Welfare Fund

Associated Administrators, LLC Report

December 8, 2015

Laura Walsh

Bill Jensen

Jeff Ianniello



Agenda

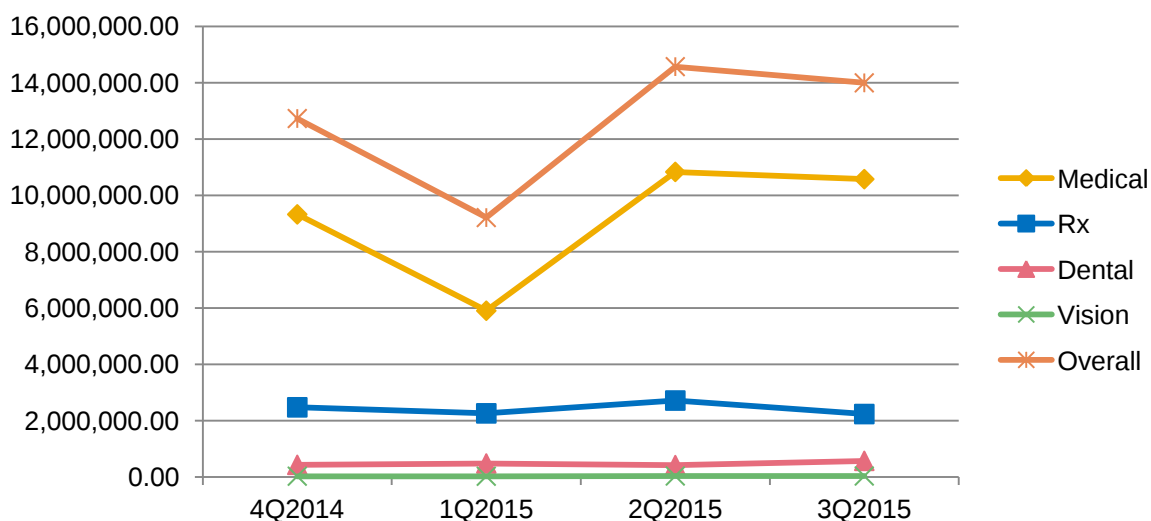
- AMR/Highlights 3Qtr 2015
- Claims Utilization Report
- JAA Status Update
 - Snapshot
 - Top Five Health Conditions
 - Top Five Providers
 - In-Network vs. Out-of-Network
 - Age and Gender
 - Part-Time ACA Deductible
- Out-Of-Network Discount Report
- Other Fund Business
- Appeals

AMR/Highlights: 3Q2015 Summary

Full Time Plan

- Total Medical expense in 3Q15 was \$10.6 million
4Q14 - \$9.3M / 1Q15 - \$5.9M / 2Q15 - \$10.8M
- Total Rx expense in 3Q15 was \$2.2 million
4Q14 - \$2.5M / 1Q15 - \$2.3M / 2Q15 - \$2.7M
- Total Dental expense in 3Q15 was \$569,540
4Q14 - \$428K / 1Q15 - \$476K / 2Q15 - \$419K
- Total Vision expense in 3Q15 was \$31,621
4Q14 - \$24K / 1Q15 - \$23K / 2Q15 - \$32K
- Overall expense for 3Q15 was \$14.0 million
4Q14 - \$12.7M / 1Q15 - \$9.2M / 2Q15 - \$14.6M
- **3Q15 deficit of \$3,020,079**

□ PPPM Cost 3Q15 - \$1,346

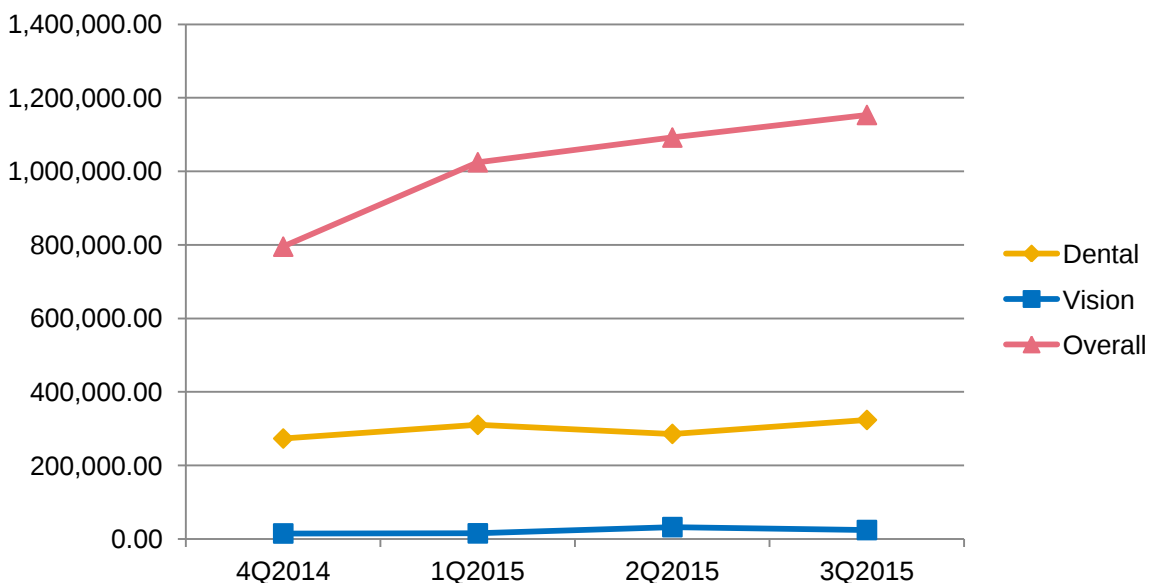


AMR/Highlights: 3Q2015 Summary

Part Time Plan

- Total Dental expense in 3Q15 was \$323,604
4Q14 - \$273K / 1Q15 - \$310K / 2Q15 - \$286K
- Total Vision expense in 3Q15 was \$24,061
4Q14 - \$15K / 1Q15 - \$15K / 2Q15 - \$32K
- Overall expense for 3Q15 was \$1.2 million
4Q14 - \$795K / 1Q15 - \$1.0M / 2Q15 - \$1.1M
- **3Q15 surplus of \$1,349,668**

□ PPPM Cost 3Q15 - \$35

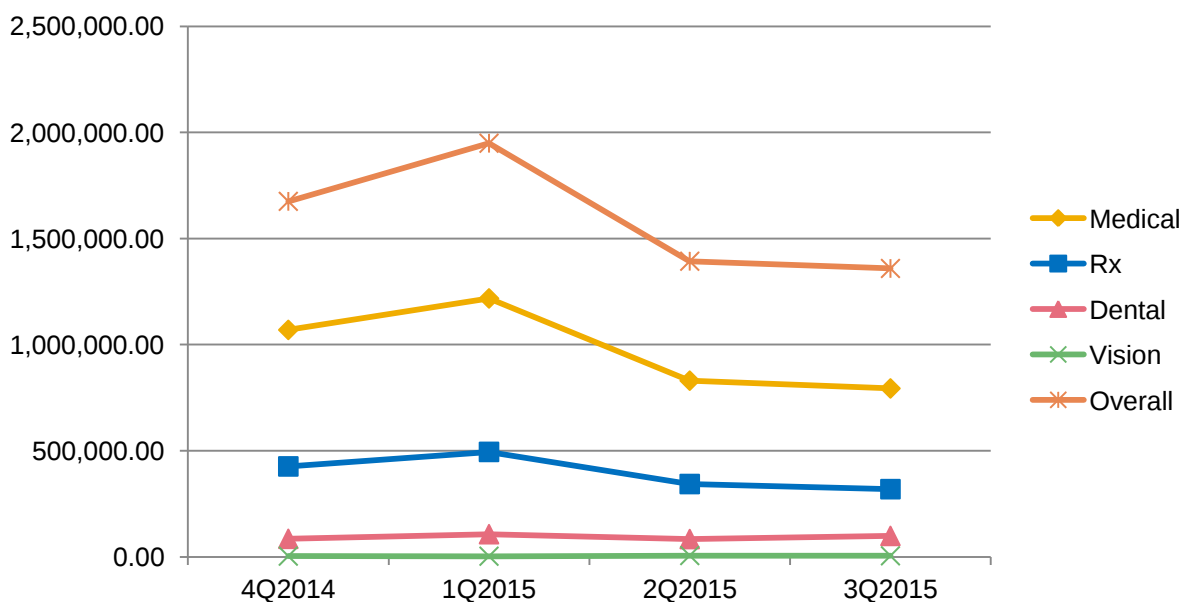


AMR/Highlights: 3Q2015 Summary

Special Part Time Plan

- Total Medical expense in 3Q15 was \$793,825
4Q14 - \$1.1M / 1Q15 - \$1.2M / 2Q15 - \$830K
- Total Rx expense in 3Q15 was \$319,160
4Q14 - \$426K / 1Q15 - \$495K / 2Q15 - \$343K
- Total Dental expense in 3Q15 was \$98,930
4Q14 - \$85K / 1Q15 - \$107K / 2Q15 - \$84K
- Total Vision expense in 3Q15 was \$5,174
4Q14 - \$4K / 1Q15 - \$3K / 2Q15 - \$6K
- Overall expense for 3Q15 was \$1.4 million
4Q14 - \$1.7M / 1Q15 - \$2.0M / 2Q15 - \$1.4M
- **3Q15 deficit of \$7,558**

□ PPPM Cost 3Q15 - \$401

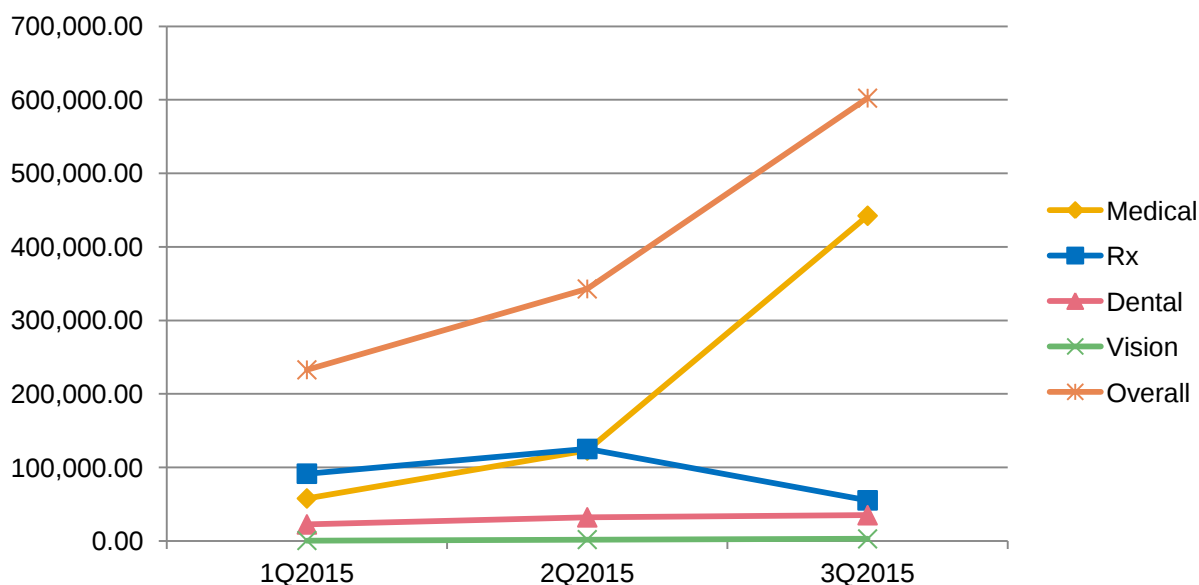


AMR/Highlights: 3Q2015 Summary

Part Time ACA Plan

- Total Medical expense in 3Q15 was \$442,296
1Q15 - \$58K / 2Q15 -\$123K
- Total Rx expense in 3Q15 was \$55,172
1Q15 - \$91K / 2Q15 -\$125K
- Total Dental expense in 3Q15 was \$34,973
1Q15 - \$22K / 2Q15 -\$32K
- Total Vision expense in 3Q15 was \$2,721
1Q15 - \$500.00 / 2Q15 -\$2K
- Overall expense for 3Q15 was \$602,256
1Q15 - \$233K / 2Q15 -\$343K
- **3Q15 surplus of \$6,009**

□ PPPM Cost 3Q15 - \$288



AMR/Highlights: 3Q2015 Summary

Combined Plans

❑ Overall Deficit

- 3Q15 **deficit - \$1,563,631**
- PPPM Cost 3Q15 - \$353

❑ Recap of 3Q15:

- FT – 3Q15 **\$3,020,079 deficit**
- PT – 3Q15 **\$1,349,668 surplus**
- SPT – 3Q15 **\$7,558 deficit**
- ACA – 3Q15 **\$6,009 surplus**

❑ Recap of previous quarters:

- FT – 4Q14 - **\$597K** / 1Q15 - **\$3.3M** / 2Q15 - **\$2.2M**
- PT – 4Q14 - **\$2.1M** / 1Q15 - **\$1.8M** / 2Q15 - **\$1.8M**
- SPT – 4Q14 - **\$156K** / 1Q15 - **\$465K** / 2Q15 - **\$124K**
- ACA – 1Q15 - **\$376K** / 2Q15 - **\$278K**

AMR/Highlights: 3Q2015 Summary

Reserve Projection

- As of September 30, 2015 – 6.0 months

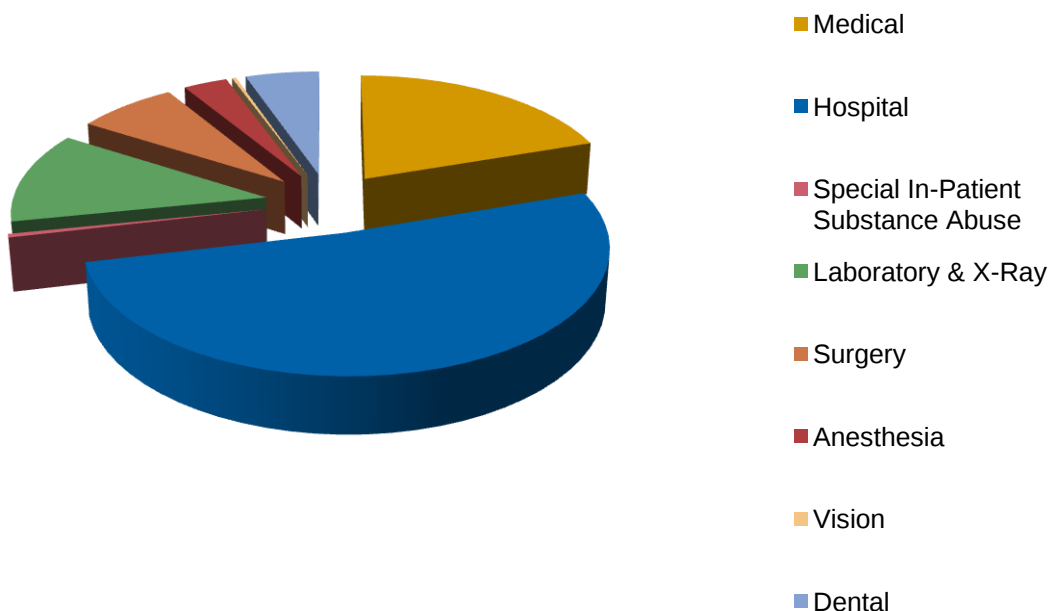
Future projections

- 3 months out (12/31/15): 6.2 months
 - 6 months out (3/31/16): 6.4 months
 - 12 months out (9/30/16): 6.7 months
- *Reserve is based on unassigned reserve only.*
 - *Projections are based on claims experience. Due to plan design changes effective March 1, 2014, future projections will also change as savings from new plan designs are realized.*



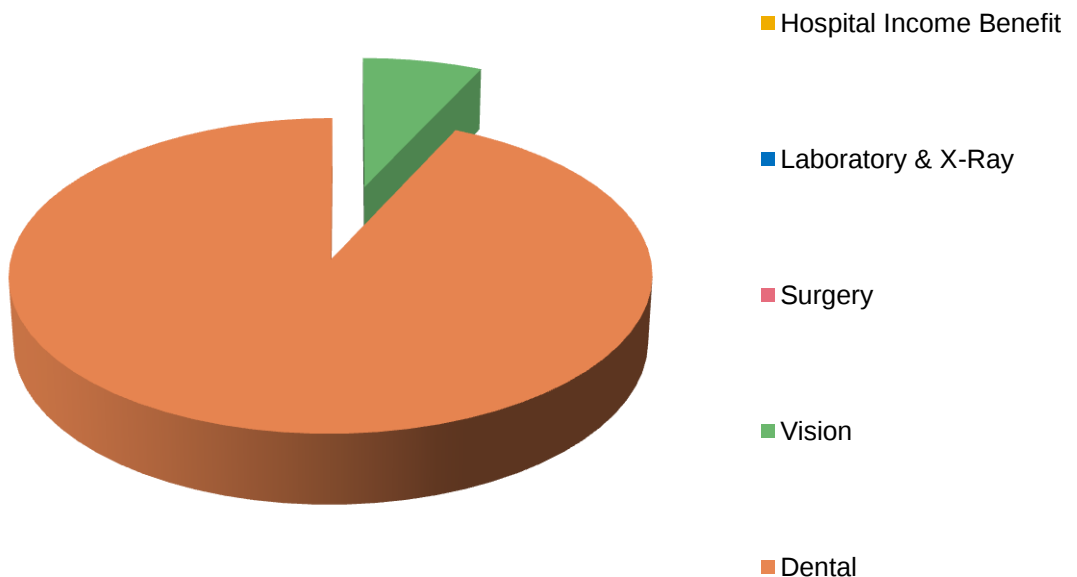
Claims Report - 3Q2015

FULL-TIME PLAN		
Medical	2,116,831.78	19.77%
Hospital	5,522,483.92	51.59%
Special In-Patient Substance Abuse	49,992.45	0.47%
Laboratory & X-Ray	1,296,379.67	12.11%
Surgery	777,777.87	7.27%
Anesthesia	340,637.45	3.18%
Vision	31,621.00	0.30%
Dental	569,539.50	5.32%
Total	10,705,263.64	100.00%



Claims Report – 3Q2015, cont'd

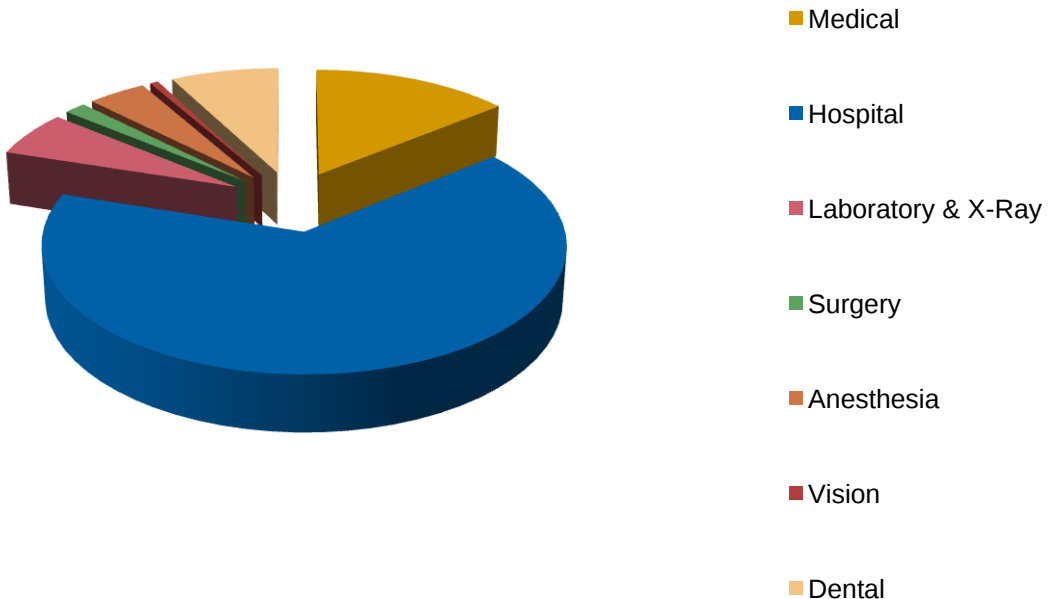
PART-TIME PLAN		
Hospital Income Benefit	-	0.00%
Laboratory & X-Ray	-	0.00%
Surgery	-	0.00%
Vision	24,060.99	6.92%
Dental	323,604.10	93.08%
Total	347,665.09	100.00%



Claims – Report 3Q2015, cont'd

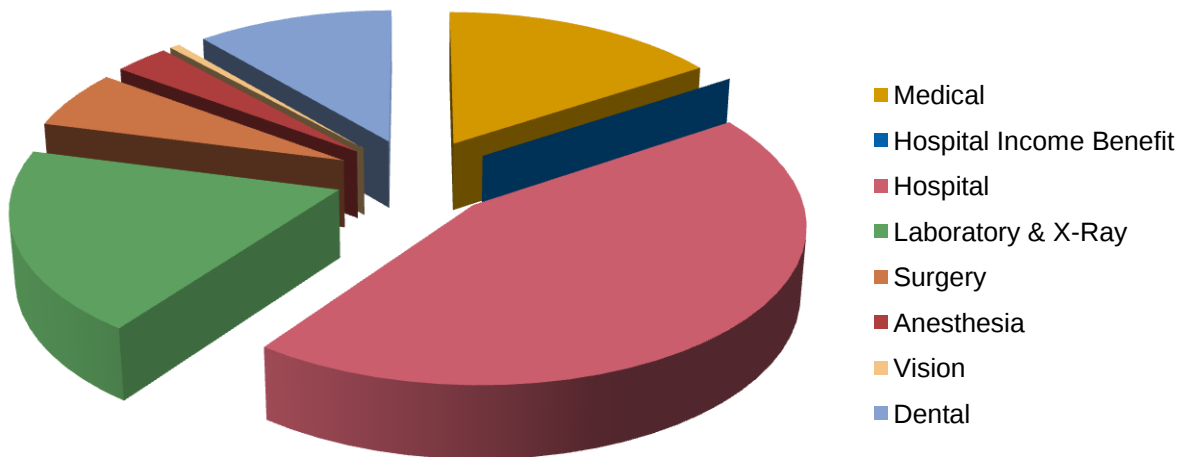
PART-TIME ACA PLAN

Medical	64,135.16	14.17%
Hospital	297,472.25	65.74%
Laboratory & X-Ray	27,125.01	5.99%
Surgery	7,084.64	1.57%
Anesthesia	19,008.53	4.20%
Vision	2,721.00	0.60%
Dental	34,972.70	7.73%
Total	452,519.29	100.00%



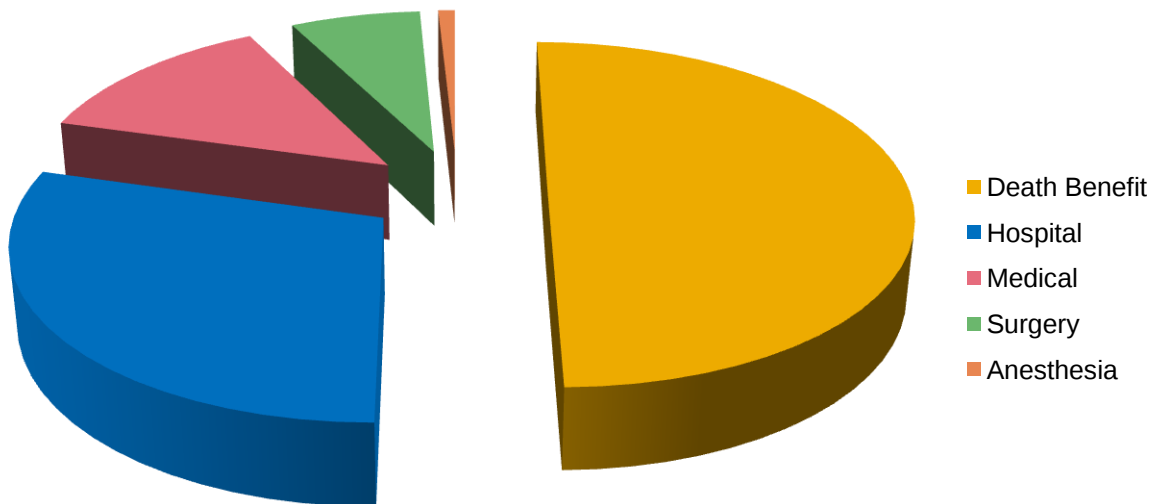
Claims – Report 3Q2015, cont'd

SPECIAL PART-TIME PLAN		
Medical	139,295.66	15.71%
Hospital Income Benefit	-	0.00%
Hospital	393,278.59	44.34%
Laboratory & X-Ray	168,505.51	19.00%
Surgery	53,905.46	6.08%
Anesthesia	27,840.51	3.14%
Vision	5,174.00	0.58%
Dental	98,929.85	11.15%
Total	886,929.58	100.00%



Claims Report 3Q2015, cont'd

RETIREES		
Death Benefit	21,000.00	49.90%
Hospital	12,393.75	29.45%
Medical	5,497.93	13.06%
Surgery	2,827.71	6.72%
Anesthesia	362.24	0.86%
Total	42,081.63	100.00%



Total for 3rd quarter: \$12,434,459.23

JAA Status Update

Snapshot

Month	Claims Processed	Billed Amount	Paid Amount
April	9565	11370673.24	3314548.38
May	9139	10891416.27	3204050.91
June	9304	8935358.18	3025523.66
July	9180	9175399.49	3042921.21
August	9529	11788346.09	3298660.92
September	9236	11121139.77	3580352.83
Totals	55,954	63,282,333.04	19,466,057.91

JAA Claims – Report 3Q2015

- Top 5 Diagnoses By Plan

<u>FULL-TIME</u>	
<u>Amount Paid</u>	<u>Diagnosis</u>
\$817,440.80	unspecified septicemia
\$287,337.78	coronary atherosclerosis of native coronary artery
\$284,419.46	multiple myeloma
\$221,000.48	ecounter for antineoplastic chemotherapy
\$186,383.35	end stage renal disease

<u>PART-TIME ACA</u>	
<u>Amount Paid</u>	<u>Diagnosis</u>
\$175,781.71	acute myocardial infarction of inferoposterior wall, initial episode of care
\$41,164.28	ecounter for antineoplastic chemotherapy
\$34,026.11	human immunodeficiency virus [HIV] disease
\$20,026.40	malignant neoplasm of breast (female), unspecified
\$18,832.88	diabetes with hyperosmolarity, type I [juvenile type], uncontrolled

JAA Claims – Report 3Q2015

- Top 5 Diagnoses By Plan

SPECIAL PART-TIME

<u>Amount Paid</u>	<u>Diagnosis</u>
\$49,625.76	iron deficiency anemia secondary to blood loss (chronic)
\$30,604.61	malignant neoplasm of lower lobe, bronchus or lung
\$25,146.26	malignant neoplasm of main bronchus
\$13,702.28	poor fetal growth, affecting management of mother, delivered, with or without mention of antepartum condition
\$9,481.07	other disorders of menstruation and other abnormal bleeding from female genital tract



JAA Claims – Report 3Q2015, cont'd

- Top 5 Providers By Plan

<u>FULL-TIME</u>	
<u>Provider</u>	<u>Amount Paid</u>
STONY BROOK UNIVERSITY HOSPITAL	\$567,527.00
NORTH SHORE UNIVERSITY HOSPITAL	\$399,942.44
NORTHERN WESTCHESTER HOSPITAL CENTER	\$382,332.17
WINTHROP UNIVERSITY HOSPITAL	\$362,063.03
JOHN T. MATHER MEMORIAL HOSPITAL	\$296,339.02

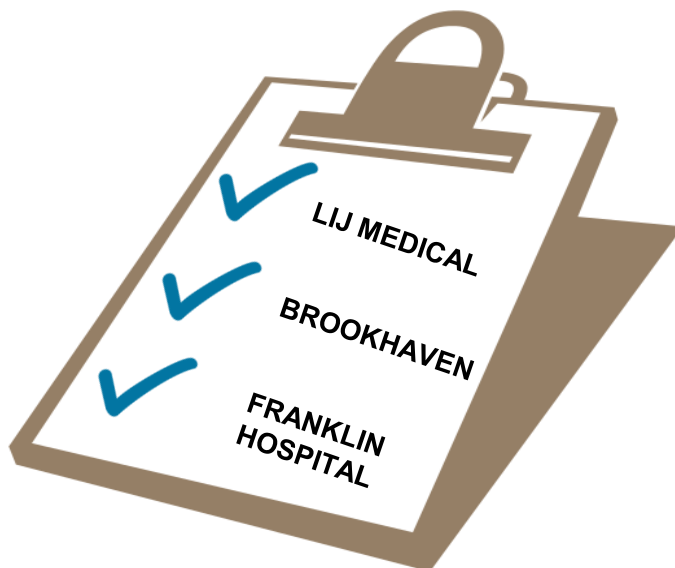
<u>PART-TIME ACA</u>	
<u>Provider</u>	<u>Amount Paid</u>
NORTH SHORE UNIVERSITY HOSPITAL	\$177,050.44
VASSAR BROTHERS MEDICAL CENTER	\$63,616.18
BRIDGEPORT HOSPITAL	\$33,820.72
THE STAMFORD HOSPITAL	\$24,560.50
NEOCARE MEDICAL, PC	\$9,748.25

JAA Claims – Report 3Q2015

- Top 5 Providers By Plan

SPECIAL PART-TIME

<u>Provider</u>	<u>Amount Paid</u>
LIJ MEDICAL CENTER	\$48,510.47
BROOKHAVEN MEMORIAL HOSPITAL	\$30,604.61
FRANKLIN HOSPITAL MEDICAL CENTER	\$29,748.22
WINTHROP UNIVERSITY HOSPITAL	\$17,133.24
NORTH SHORE LIJ MEDICAL, PC	\$13,785.43

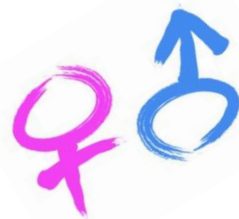


JAA Claims – Report 3Q2015, cont'd

- Inpatient Facility Utilization
 - In-Network Total: \$4,025,146.80
 - Full-Time: \$3,649,176.51
 - Part-Time ACA: \$248,551.53
 - Special Part-Time: \$127,418.76
 - Out-of-Network Total: \$0
- Outpatient Facility Utilization
 - In-Network Total: \$1,642,262.81
 - Full-Time: \$1,529,451.80
 - Part-Time ACA: \$47,438.52
 - Special Part-Time: \$65,372.49
 - Out-of-Network Total: \$390,272.27
(Full-Time Only)

JAA Claims – Report 3Q2015, cont'd

□ Gender



Part-Time ACA Plan

Female.....81

Male.....140

Special Part-Time Plan

Female.....261

Male.....134

Full-Time Plan

Female2,371

Male.....2,246

*The numbers above represent the population that had a paid/denied
claim in the 3rd quarter.*

JAA Claims – Report 3Q2015, cont'd

□ Age

Part-Time ACA Plan

Member average age.....39.72

Special Part-Time Plan

Member average age.....52.18

Full-Time Plan

Member average age.....50.73

Dependent average age.....28.50



The numbers above represent the population that had a paid/denied claim in the 3rd quarter.

JAA Claims – Report 3Q15, cont'd

- Part-Time ACA Plan Deductible/Out-of-pocket maximum
 - 19 members met their \$5,600 deductible for the 2015 plan year by the end of the 3rd quarter.
 - See utilization below. Amounts shown include first \$400 basic benefit.

MEMBER	AMOUNT PAID THROUGH 3Q2015
1	\$1,115.17
2	\$2,285.83
3	\$1,507.90
4*	\$19,299.91
5	\$6,172.68
6	\$7,614.92
7	\$3,912.52
8	\$72,300.12
9	\$4,513.20
10*	\$11,254.81
11	\$1,887.77
12	\$1,690.81
13	\$2,307.33
14	\$34,426.11
15	\$10,401.43
16	\$1,989.44
17	\$6,606.89
18*	\$15,076.85
19	\$719.22

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

Out-Of-Network Discounts

HRGi Savings Report

- July 2015 Invoice – Total billed \$860,993.04
 - Savings: \$292,645.26
 - Average 40% per claim
- August 2015 Invoice – Total billed \$123,196.06
 - Savings: \$53,623.43
 - Average 44% per claim
- September 2015 Invoice – Total billed \$39,192.81
 - Savings: \$16,143.62
 - Average 41% per claim





Other Fund Business

- ☐ Dependent Social Security Numbers
- ☐ Subrogation Recovery
 - ☐ Full-Time Plan: Total medical lien was \$1,037.35 (100% recovered)
 - ☐ Special Part-Time Plan: Total medical lien was \$35.00 (100% recovered)
- ☐ Plan Reporting – ACA sections 6055 and 6056
 - ☐ Forms 1094-B/1095-B due 2/28/16
- ☐ Transitional Reinsurance Fee for 2015 was filed
 - ☐ 1st payment scheduled 01/08/16 - \$366,135.00
 - ☐ 2nd payment scheduled 11/08/16 - \$122,045.00
- ☐ AA Contract Renewal



Tabled Appeals

Inpatient Out-of-Network Physician Claims

<u>Appeal No.</u>	<u>Out-of-Network (OON) vs. In-Network (IN)</u>	<u>Billed Amount</u>	<u>Paid</u>	<u>Patient Liability</u>
M15/202-8226	OON	\$900.00	\$0.00	\$900.00
	IN	\$900.00	\$486.00	\$414.00
Additional Payment			\$486.00	
M15/201-7564	OON	\$1,200.00	\$350.00	\$850.00
	IN	\$1,200.00	\$693.00	\$507.00
Additional Payment			\$343.00	
M15/201-7564	OON	\$750.00	\$0.00	\$750.00
	IN	\$750.00	\$244.00	\$506.00
Additional Payment			\$244.00	
M15/201-7564	OON	\$900.00	\$241.50	\$658.50
	IN	\$900.00	\$486.00	\$414.00
Additional Payment			\$244.50	
M15/198-9986	OON	\$1,500.00	\$0.00	\$1,500.00
	IN	\$1,500.00	\$487.00	\$1,013.00
Additional Payment			\$487.00	
M15/198-9986	OON	\$3,600.00	\$802.20	\$2,797.80
	IN	\$3,600.00	\$1,146.00	\$2,454.00
Additional Payment			\$343.80	
M15/220-7193	OON	\$400.00	\$241.50	\$158.50
	IN	\$400.00	\$345.00	\$55.00
Additional Payment			\$103.50	
M15/235-4688	OON	\$4,752.00	\$2,353.40	\$2,398.60
	IN	\$4,752.00	\$3,862.00	\$890.00
Additional Payment			\$1,508.60	
M15/230-3708	OON	\$2,500.00	\$561.40	\$1,938.60
	IN	\$2,500.00	\$1,302.00	\$1,198.00
Additional Payment			\$740.60	



September 8, 2015

Board of Trustees of the
UFCW Local 1500 Welfare Fund

Re: Administrative Services Contract Renewal

Trustees and Counsel:

The contract between Associated Administrators, LLC ("Associated") and the UFCW Local 1500 Welfare Fund expires December 31, 2015. We hope the Trustees will consider favorably our request for a new agreement.

Several pieces of legislation, especially PPACA, Michelle's Law, Mental Health Parity, and HIPAA Hi-Tech, have affected benefit processing. In order to abide by the new regulations, it has been necessary for Associated to add resources to its workforce, training, and systems. This trend is likely to continue as PPACA regulations continue to roll out, and benefits processing continues to be impacted. Components of Health Care Reform--such as the expansion of dependent eligibility to age 26, elimination of annual maximums, establishment of specific coverage for preventive care, and calculation and payment of research and reinsurance fees--require careful execution in order to ensure compliance for the Fund.

Below is a brief a recap of some of the services provided by Associated over the last three years:

- Suggested and implemented Anthem JAA shared claims processing resulting in significant savings to the Fund.
- Implemented many benefit rule changes stemming from collective bargaining.
- Assisted in area member meetings to explain benefit changes.
- Established procedures to process new FT spouse COB and provide detailed weekly reports to the Fund office.

- Assisted in the establishment of external appeals procedures and independent review organizations.
- Assisted in the creation and implementation of the new ACA plan.
- Suggested and implemented a utilization management program for the SPT plan.
- Suggested and transitioned the SPT plan from MagnaCare to Anthem, ensuring larger network discounts for the Fund and a wider provider network for participants.
- Provided a detailed review of all plans to identify inconsistencies in order to bring the SPT plan in line with the other plans.
- Suggested and secured the services of HRGi for discounts on out-of-network claims (net reduction of \$825,000 on billed amounts since September 2014) ensuring a decrease in balance billing to participants.
- Calculated PCORI and Transitional Reinsurance (TRP) counts and filed the TRP on behalf of the Fund.
- Provided NETime online access for participant review of claims information.
- Assisted the Fund office in the review of eligibility records to update divorces, deaths, and dependents. Sent letters to participants to capture missing Social Security numbers.

We also:

- Run 13 weekly eligibility reports to prevent any discrepancies on file loads from the Fund office. New reports were required when work codes were changed in January 2015.
- Regularly post forms, SBCs, SMMs, Vendor contacts, etc. to the AA website for easy access by participants.
- Are preparing for new ACA required Fund coverage reporting. This will be a labor intensive project.

Associated works hard to control its operating costs, but some are increasing.

- **Employee Benefits**

Associated's bargaining unit employees are in a UFCW-related Health and Welfare Fund so we have experienced the same rate increases as other participating employers. Our unit employees are covered in a companion UFCW Pension Fund. Those contribution rates will increase every year for the next 11 years in accord with the Rehabilitation Plan. The current recommendation pending would generate 14% annual contribution increases for Associated's unit staff.

Our non-union (management and other exempt) medical benefits through UHC increased by 5.6% in September 2014 and by 5% in September 2015, due in part to PPACA, and despite increased co-payments assessed to our staff.

- **Unemployment Tax**

Associated's Unemployment Tax Rate has been increased by the State of Maryland from 1.8% to 53.3% for 2015, an 83% increase in our rate. The State of Maryland is implementing new and increased taxes across the board.

- **Information Technology Developments**

Associated's highest cost increases and deliberate reinvestment have been in IT, over \$520,000 in 2012, \$416,000 in 2013, and \$827,000 for 2014 and the first half of 2015. System enhancements allow us to better serve our clients and participants and to maintain proper computer security.

Associated installed IT programming changes for government regulation ICD10 eleven months ahead of the required deadline. We created a Trustee Web portal for our internet site to enable remote access to Fund files. We upgraded our phone system and call center software with ICore's BroadWork's platform, to ensure better monitoring of incoming call volume. We upgraded imaging servers, to allow our call center representatives faster access to forms and correspondence received at our office for quick verification by phone. We installed a new virtual firewall system to enhance security.

- **Postage**

Associated pays all regular postage on behalf of the Fund, excluding mass mailings. The United States Postal Service implemented a rate hike in 2014 of 6.5% for first class mail.

Other Services:

- **Benefit Changes**

Associated has managed benefit changes for the FT, SPT, and PT plans, in addition to implementing the new ACA plan effective January 1, 2015. We have worked with counsel and consultants to produce SBC's and SMM's for all plans. We produce articles related to Welfare benefit updates and information for every issue of the Local 1500 Register.

- **Data Resource for Fund Professionals**

Associated works with the Fund's consulting, accounting and actuarial firms supplying quarterly data, as well as any other reports that are requested.

- **Medicare Reporting**

Effective April 2009, reporting to Medicare on other coverage available to Medicare-eligible participants was required. Reporting is monthly and ongoing.

- **Other Compliance**

New procedures were added to address Mental Health Parity and have already been added to address Michelle's Law. Associated tracks other notices such as, Women's Health Care Rights Act, Notice of Creditable Coverage, SMMs and SARs for publication in the Local 1500 Register, when appropriate.

- **Fraud Protection**

Associated implemented fraud protection processes with JP Morgan/Chase bank requiring weekly file transmittal and monitoring, in conjunction with the Fund office.

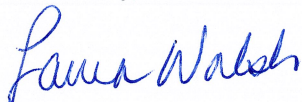
Associated has assigned two account executives and one account manager to the Local 1500 team, along with a staff of over 35 employees, including accounting, eligibility, medical claims, participant services, and IT. All are dedicated to providing superior service. The experienced staff and our IT investments allow us to efficiently manage the funds through complicated plan design changes.

Here is a quick snapshot of processing in 2014 – 153,965 medical claims, 37,782 phone calls, 239 appeals, 580 COBRA payments, and over 25,000 pieces of incoming mail. We anticipate that the Fund will continue to experience additional service demands.

We would be very pleased to renew our agreement with the UFCW Local 1500 Welfare Fund through 2018. **We propose an increase in our rates of 1.4%, effective January 1, 2016, and no increase in 2017 and 2018.** Please see Attachment A for a full outline of the proposed rates through December 31, 2018.

Associated Administrators, LLC appreciates the opportunity to serve this Fund and welcomes all questions concerning our proposal.

Sincerely,



Laura Walsh

CEO

Associated Administrators, LLC

UFCW LOCAL 1500 WELFARE FUND

ATTACHMENT A

PLAN	PM/PM Fee 2015	PM/PM Fee 2016	PM/PM Fee 2017	PM/PM Fee 2018
Part Time:	\$3.85	\$3.90	\$3.90	\$3.90
Retirees:	\$1.93	\$1.96	\$1.96	\$1.96
Full Time, Special Part Time, ACA	\$11.36	\$11.52	\$11.52	\$11.52

Conclusion

- Thank You
- Questions?

