LITHOGRAPHERS AND PHOTOENGRAVERS LOCAL 285 WELFARE FUND
RENEWAL DISCUSSION
3/1/14 – 2/28/15 PLAN YEAR
REVISED – 1/6/2014

1. MEDICAL PLAN – ACTIVE EMPLOYEES (and pre-Medicare Retirees)

Kaiser Permanente

During last year's renewal process, we made some changes to the plans being offered. Participants within the Kaiser area are offered one of 3 plans – a Deductible HMO ("DHMO"), Signature HMO, and Select HMO.

At our recent BOT meeting, the Board authorized Kaiser to make several minor changes to the plans in order to keep them consistent with one another. (They were: in the Select and Signature HMOs, change ambulance and ER copays to $100; in the DHMO, several riders – IVF, Durable Medical Equipment, Prosthetics and Orthodics.) These benefit changes had minimal impact on the rates (less than $1/month). We requested no other benefit changes to this year's renewal proposal.

Kaiser has provided the following revised renewal rates:

Composite Rate	**DHMO**	**Signature**	**Select**	**OOA**
2013-14 Plan Year	$837.16	$942.37	$1,047.21	$1,002.31
2014-15 Plan Year	$874.41	$991.00	$1,165.89	$1,165.89
% Increase	4.4%	5.1%	11.3%	16.3%
Monthly Increase	$37.25	$48.63	$118.68	$163.58
Current Active #	21	85	57	6

As you may recall, last year we offered the DHMO as a low-cost option. We did not see much enrollment in the DHMO during last year's open enrollment, but we may see this migration this year.

Although there is not a plan to move towards a multi-tier rate at this time, we asked Kaiser to provide 3-tier rates for discussion purposes. Note the estimated enrollment listed – this would be subject to change as participants may not add all eligible dependents under this scenario.

3-tier Rates (#)	**DHMO**	**Signature**	**Select**	**OOA**
Single (51)	$423.09	$479.50	$564.12	$564.12
Employee + 1 (41)	$846.18	$959.00	$1,128.24	$1,128.24
Family (77)	$1,222.73	$1,385.76	$1,630.30	$1,630.30

CareFirst BC/BS

We provided census data to CareFirst for a proposal. They were able to provide a proposal that offered similar benefit programs (not exact, but relatively close). They were only able to offer rates on a 4-tier basis instead of the current composite basis. Overall, their proposal was approximately 15% higher than the Kaiser renewal, but upon our feedback they revised it to a more competitive number. Their proposal is still higher than Kaiser for similar benefits (albeit a much larger provider network) and it something that may be considered.

We have compared the CareFirst and Kaiser proposals in the illustration title "Exhibit A".

2. DENTAL PLAN

Current Plan – Group Dental Service ("GDS")

As you are aware, GDS had provided a renewal proposal calling for a 32.5% increase. They have modified their proposal - their monthly rate will increase from **$35.86** to **$43.38,** a 21% increase. GDS has been the dental provider for many years for the Fund, but their ownership and management has recently changed.

Upon the authorization of the Board, we allowed a local broker to review dental options that may be available. Currently, the Fund utilizes a DHMO (Dental HMO, not to be confused with Kaiser's Deductible HMO!), and unfortunately there are few of these programs available. Copays and provider network will vary by carrier and it is important to review both pieces.

Here are the highlights of their report:

United Concordia (UCCI) – competitive proposal, 2-year rate guarantee
CIGNA – competitive proposal, 2-year rate guarantee
Dominion – did not respond to RFPs

"Exhibit B" summarizes the proposals.

Also of note: CareFirst has a dental DHMO product as well. If a decision is made to utilize CareFirst (now or in the future), we could probably receive favorable underwriting if we utilized both their medical and dental programs. This is something we can explore greater down the road.

We provided competitive information to GDS to allow them to revise their proposal. They provided a new benefit plan (higher copays) as an alternate quote. Their alternate proposal is calling for a rate of **$37.31**. (As stated above, they also came down about 12% off of the original renewal proposal.)

It appears that both UCCI and CIGNA have viable networks, but we recommend the Trustees review the networks and benefits of each carrier before any decisions are made. We have placed the network directories on the Trustee Web Portal (under the January 8, 2014 meeting tab) for your convenience. If the Trustees want to hear presentations from the broker and/or alternate carriers, let me know and we can invite them to the January BOT meeting.

Other carriers – MetLife, DentaQuest, Guardian and a few others – were approached but offer PPO plans only and no DHMO options. The upside to this would be that the provider network is much larger in PPO plans, but this would be a fundamental shift in the Fund's offerings.

3. LIFE & DISABILITY PLANS

At our November 2013 BOT meeting, Ed Chicoski, the broker for the current Mutual of Omaha ("Omaha") programs, made a presentation outlining the Omaha renewal and options that he was able to secure. From this presentation, the Board agreed that Omaha is still the best option. Their renewal rates provided the following figures:

- ***Life & AD&D*** – rate increase from $.29 & .02 per $1,000 in coverage to $.43 & .03 per $1,000. For **Active** participants, this means the monthly premium will increase from **$6.20** to **$9.20** for their $20,000 coverage.

  For **Retirees** with $4,000 coverage, their monthly cost would increase from **$1.27** to **$1.87** including the 8.5% administrative load. For the five grandfathered Retirees purchasing $20,000 coverage, their monthly cost would increase from **$6.34** to **$9.33**. (Note that retiree coverage does not include AD&D.)

  For discussion purposes, we asked Omaha to split the Active and Retiree rate. They provided new rates as follows: Actives $.17 & .03 per $1,000 in coverage, Retirees $2.80 per $1,000. Choosing to go this route would mean that Active participants would see a cost decrease from **$6.20** to **$4.00**. **Retirees** with $4,000 in coverage would see their rate increase from **$1.27** to **$12.15** ($11.20 plus 8.5% administrative load), while the $20,000 Retiree group would see their cost increase from **$6.34** to **$60.76** ($56.00 plus 8.5% administrative load). This will be a topic for conversation at the next meeting.

- ***Weekly Disability*** – rate decrease from $.455 per $10 in coverage to $.43 per $10. For Active participants, this means a decrease in the monthly rate from **$9.10** to **$8.60** for the $200/week benefit. (Retirees do not receive this benefit.)

4. VISION PLAN

Current Plan – National Vision Administrators ("NVA")

At the November 2013 BOT meeting, the NVA renewal proposal for the period 3/1/14 – 2/28/18 was presented. It calls for an increase in the monthly premium from **$6.70** to **$6.95**. For Retirees, the rate will increase from **$7.32** to **$7.54**. The Board approved this rate increase and we will execute a new contract with NVA.

TOTAL PLAN COSTS

For the 2013-14 plan year, the Board elected to waive the administrative load in the development of the total plan costs. The estimated administrative load would have been **$55.07** per month. The load for 2014-15 would be similar since administrative expenses and enrollment have not changed significantly. For the following comparisons, we have assumed **no load** for the 2014-15 plan year:

OPTION 1: Keeping the same programs as current.

Status quo for 2014-15	**2013-14 Plan Year**			**2014-15 Plan Year**			**Monthly**
	Carriers	**Admin**	**Total**	**Carriers**	**Admin**	**Total**	**Increase**
DHMO/GDS/NVA/Omaha	$895.05	0	$895.05	$942.54	0	$942.54	$47.49
Signature/GDS/NVA/Omaha	$1,000.23	0	$1,000.23	$1,059.13	0	$1,059.13	$58.90
Select/GDS/NVA/Omaha	$1,105.07	0	$1,105.07	$1,234.02	0	$1,234.02	$128.95
OOA/GDS/NVA/Omaha	$1,060.17	0	$1,060.17	$1,234.02	0	$1,234.02	$173.85

OPTION 2: Same Kaiser, GDS, and NVA. Splitting life insurance rate out by Active/Retiree.

Life rate split in 2014-15.	**2013-14 Plan Year**			**2014-15 Plan Year**			**Monthly**
	Carriers	**Admin**	**Total**	**Carriers**	**Admin**	**Total**	**Increase**
DHMO/XXX/NVA/Omaha	$895.05	0	$895.05	$937.28	0	$937.28	$42.29
Signature/XXX/NVA/Omaha	$1,000.23	0	$1,000.23	$1,053.93	0	$1,053.93	$53.70
Select/XXX/NVA/Omaha	$1,105.07	0	$1,105.07	$1,228.82	0	$1,228.82	$123.75
OOA/XXX/NVA/Omaha	$1,060.17	0	$1,060.17	$1,228.82	0	$1,228.82	$168.65

OPTION 3: Same Kaiser & NVA. Splitting life insurance rate out by Active/Retiree. Changing to GDS #2.

Life rate split & GDS Alternate Plan in 2014-15.	**2013-14 Plan Year**			**2014-15 Plan Year**			**Monthly Increase**
	Carriers	**Admin**	**Total**	**Carriers**	**Admin**	**Total**	
DHMO/XXX/NVA/Omaha	$895.05	0	$895.05	$931.21	0	$931.21	$36.16
Signature/XXX/NVA/Omaha	$1,000.23	0	$1,000.23	$1,047.86	0	$1,047.86	$47.63
Select/XXX/NVA/Omaha	$1,105.07	0	$1,105.07	$1,222.75	0	$1,222.75	$117.68
OOA/XXX/NVA/Omaha	$1,060.17	0	$1,060.17	$1,222.75	0	$1,222.75	$162.58

FINAL THOUGHTS

Here are the decisions that will need to be made:

1) Renew Kaiser as proposed?
   Future consideration: move to 3 or 4 tier rate bands?
   Future consideration: move to CareFirst if a competitive proposal is offered?

2) Renew GDS with current benefits? Renew GDS with alternate benefits?
   Move Dental coverage to UCCI or CIGNA?
   Have broker and/or carrier make a presentation to BOT in January?

3) Renew Omaha Life insurance as-is, or split out the Active/Retiree rate?

4) Discuss administrative load for 2014-15 plan year.

5) Will we have an open enrollment meeting in February as we have done in the past 2 years?