SUDLER INSURANCE SERVICES, INC.

February 10th, 2019

Board of Trustees
International Union of Operating Engineers Local 487
Health and Welfare Fund
911 Ridgebrook Rd.
Sparks, MD 21152

Dear Trustees:

This report contains the United Health Care renewal and RFP results with an effective date of April 1, 2019.

United Health Care Renewal

Negotiations have been ongoing since December. This report contains the final renewal from United Health Care. Currently, International Union of Operating Engineers Local 487 Health and Welfare Fund offers United Health Care's Medical HMO, Medical PPO, Vision and Dental.

At the last trust fund meeting, it was reported that the claims experience was running extremely unfavorable with Medical Loss Ratio of 101%.

Since December/2018, the Medical Loss Ratio continues to run unfavorable at **102%** with five shocks claims over $150,000. The following shock claims are ongoing:

- Claimant #1 – Kidney Transplant: $201,768
- Claimant #2 Kidney Transplant: $209,967
- Claimant #3 Heart Disease/Attack: $173,255
- Claimant #4 Heart Disease/Attack: $137,677
- Claimant #5 Cancer: $222,393

Because of the Medical Loss Ratio of 102% and the five large shock claims, United proposed an initial 34% increase for current benefits. After further negotiations, United agreed to make a business decision and drop their original proposal to an 18% increase with current benefits. Dental will be decreased by 6.8% and Vision will be 0% with current benefits.

Request for Proposal (RFP) Results

An RFP was sent out to carriers on December 20th, 2018. The following are the responses from each carrier:

- **Aetna:** Provided an unofficial quote at **34%** over current United rates.
- **AvMed:** Declined to quote.
- **Blue Cross / Blue Shield:** Declined to quote.
- **Cigna:** Provided a quote **32%** over current United rates.
- **Humana:** Provided a quote at **18.3%** over current United rates.
- **United:** Reduced their initial renewal from 34% to **18%.**

Please see attachments for benefit and rate illustrations.

Thank you,

Bob Sudler

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International Union of Operating Engineers Local 487 Health and Welfare Fund
United Healthcare Premium vs. Claims
Effective Date 4/1/2019

Year/Month	Members	Employees	Premium	Medical Payments	Capitation	Pharmacy Payments	Total Payments	Claims to Premium Ratio (Gross)
2017-12	1,413	600	$538,955	$294,235	$17,139	$63,033	$374,407	69.5%
2018-01	1,415	604	$539,950	$539,624	$23,594	$63,166	$626,385	116.0%
2018-02	1,409	601	$537,605	$304,215	$23,537	$65,003	$392,755	73.1%
2018-03	1,404	602	$535,116	$333,593	$23,435	$76,887	$433,915	81.1%
2018-04	1,394	601	$604,168	$676,943	$21,355	$54,460	$752,758	124.6%
2018-05	1,396	603	$609,629	$228,651	$21,460	$73,609	$323,720	53.1%
2018-06	1,415	611	$615,735	$471,453	$21,697	$62,080	$555,230	90.2%
2018-07	1,436	617	$620,901	$577,171	$21,907	$88,032	$687,110	110.7%
2018-08	1,447	621	$625,994	$1,085,917	$22,215	$103,797	$1,211,929	193.6%
2018-09	1,468	630	$639,263	$517,392	$22,686	$89,292	$629,370	98.5%
2018-10	1,479	635	$643,203	$542,954	$22,819	$95,583	$661,356	102.8%
2018-11	1,490	636	$648,265	$486,150	$23,071	$84,902	$594,122	91.6%
Current Period	17,166	7,361	$7,158,785	$6,058,299	$264,915	$919,843	$7,243,058	*102.0%*

International Union of Operating Engineers Local 487 Health and Welfare Fund
United Healthcare Renewal and RFP Results
Effective Date 4/1/2019

Renewal ***RFP Results***

NHP/United Plans

Benefits	NHP HMO FOSH-M1	United HMO	United POS		Humana	Cigna	Aetna
	In Network	In Network	In Network	Out Network	In Network	In Network	In Network
Preventive Care	No Copay	No Copay	No Copay	40% After Ded.	No Copay	No Copay	No Copay
· preventive office visits	No Copay	No Copay	No Copay	40% After Ded.	No Copay	No Copay	No Copay
· pap smear and mammogram	No Copay	No Copay	No Copay	40% After Ded.	No Copay	No Copay	No Copay
· prostate screening	No Copay	No Copay	No Copay	40% After Ded.	No Copay	No Copay	No Copay
· child immunizations to age 18	No Copay	No Copay	No Copay	40% After Ded.	No Copay	No Copay	No Copay
· flu and pneumonia immunizations	No Copay	No Copay	No Copay	40% After Ded.	No Copay	No Copay	No Copay
· endoscopic services	No Copay	No Copay	No Copay	40% After Ded.	No Copay	No Copay	No Copay
PCP Visit	$30 Copay	$30 Copay	$30 Copay	40% After Ded.	$30 Copay	$30 Copay	$30 Copay
Specialist Visit	$50 Copay	$50 Copay	$50 Copay	40% After Ded.	$50 Copay	$50 Copay	$50 Copay
Individual Deductible	$1,500	$1,500	$1,500	$3,000	$1,500	$1,500	$1,500
Family Deductible	$3,000	$3,000	$3,000	$9,000	$3,000	$3,000	$3,000
Coinsurance	20% After Ded.	20% After Ded.	20% After Ded.	40% After Ded.	20% After Ded.	20% After Ded.	20% After Ded.
Maximum Out-Of-Pocket	$2,500/$5,000	$2,500/$5,000	$2,500/$5,000	$9,000/$27,000	$2,500/$5,000	$2,500/$5,000	$2,500/$5,000
Lifetime Maximum	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Hospital Inpatient Services	20% After Ded.	20% After Ded.	20% After Ded.	40% After Ded.	20% After Ded.	20% After Ded.	20% After Ded.
Outpatient Surgery (H / FS)	20% After Ded./$175 Copay	20% After Ded./ $175 Copay	20% After Ded. /$175 Copay	40% After Ded.	20% After Ded./$175 Copay	20% After Ded./$175 Copay	20% After Ded./$175 Copay
Diagnostic MRI, CT Scan (H / FS)	20% After Ded. /$175 Copay	20% After Ded./ $175 Copay	20% After Ded. /$175 Copay	40% After Ded.	20% After Ded. /$175 Copay	20% After Ded. /$175 Copay	20% After Ded. /$175 Copay
Emergency Room/ Urgent Care	$200 /$50 Copay	$200 /$50 Copay	$200 /$50 Copay	$200 Copay	$200 /$50 Copay	$200 /$50 Copay	$200 /$50 Copay
RX	$20/$40/$60	$20/$40/$60	$20/$40/$60	Not Covered	$20/$40/$60	$20/$40/$60	$20/$40/$60
RX Mail Order	$40/$80/$120	$40/$80/$120	$40/$80/$120	Not Covered	$40/$80/$120	$40/$80/$120	$40/$80/$120
Dental	Separate Coverage	Separate Coverage	Separate Coverage	Separate Coverage	Separate Coverage	Separate Coverage	Separate Coverage
Vision	Separate Coverage	Separate Coverage	Separate Coverage	Separate Coverage	Separate Coverage	Separate Coverage	Separate Coverage
Mental Health & Substance Abuse							
· Inpatient	20% After Ded.	20% After Ded.	20% After Ded.	40% After Ded.	20% After Ded.	20% After Ded.	20% After Ded.
· Outpatient	$50 Copay	$50 Copay	$50 Copay	40% After Ded.	$50 Copay	$50 Copay	$50 Copay
Rate Details	**NHP HMO FOSH-M1**	**United HMO**	**United POS**		**Humana**	**Cigna**	**Aetna**
HMO / PPO							
Employee Only 222 / 7	**$586.79**	**$809.84**	**$809.84**		**$588.58**	**$659.14**	**$666.34**
Employee + One 166 / 7	**$1,232.36**	**$1,700.77**	**$1,700.77**		**$1,236.01**	**$1,384.17**	**$1,399.42**
Family 221 / 9 632	**$1,731.08**	**$2,389.08**	**$2,389.08**		**$1,738.30**	**$1,944.44**	**$1,965.77**
Monthly Premium	**$717,407.82**	**$39,075.99**			**$720,006.72**	**$805,822.54**	**$814,666.37**
Annual Premium	**$8,608,893.80**	**$468,911.98**			**$8,640,080.60**	**$9,669,870.48**	**$9,775,996.44**
Increase %		***18.0%***			***18.3%***	***32.0%***	***34.0%***

HMO/POS has a Combined Out of Pocket of $2,500/$5,000 for Medical and RX.
Deductible is on the contract year.
Lab work is done at Lab Corp and Quest Diagnostics. Quest is a new lab provider

International Union of Operating Engineers Local 487 Health and Welfare Fund
United Dental and Vision Renewal
Effective Date 4/1/2019

Dental (Solstice)

	United Option D1056
Calendar Year Deductible	
Single	None
Family	None
Appointments	
D0120 Office Visit	$0
D0180 Comprehensive Evaluation	$0
Preventive/Restoration	
D1110 Prophylaxis (Cleaning)	$0
D2140 Amalgam (Grey Cavity Filling)	$0
D2330 Resin (White Cavity Filling)	$20
Most Common Services	
D2740 Crown	$195
D3310 Root Canal	$100
D7111 Tooth Extraction	$20
D8070 Orthodontics (Children)	$1,800
D5110 Complete Denture	$210
Rates	
Employee: 223	**$11.41**
Employee + One: 169	**$22.26**
Family: 228	**$36.52**

Vision

	United Option V1357
Exam Copay	$20
Lens and Frames	
Single	$0
Bifocal	$0
Trifocal	$0
Retail Frames	$130 Allowance
Contact Lenses	
Extended Wear	$105 Allowance
Disposable	$105 Allowance
Rates	
Employee: 205	**$3.88**
Employee + One: 180	**$7.37**
Family: 228	**$10.74**

Increase %	***-6.8%***	***0%***