Anthem National Accounts

United Food Workers Unions & Participating

Contract Period: 1/1/2014 – 12/31/2016

Base Administrative Service Fees

Product Offering	1/2014 - 12/2014	1/2015 - 12/2015	1/2016 - 12/2016
PPO Administration	$39.37 pcpm	$40.05 pcpm	$40.05 pcpm

If Anthem Stop Loss policy is purchased a $0.50 per contract per month credit will be applied to administrative fees

Financial Assumptions

The services and fees within this proposal assume an effective date of January 1, 2014. Anthem National Accounts (ANA) reserves the right to change the Administrative Services Fees any under of the following circumstances:

- A change in enrollment of 10% or more from 1,126 contracts
- A change in the member to contract ratio of 5% or more from 1.53.
- Any taxes, fees and assessments prescribed by any statutory, regulatory or other legal authority that, according to ANA's discretion, invalidates this quote.
- A change in nature of Employer's business.
- A change to the Plan benefits initiated by UFCW that result in substantial changes in the service or networks, as determined by ANA.
- Legislation or other matters resulting in an increase in the cost or amount of administrative services from those being proposed by Anthem in this proposal. By way of example the Patient Protection and Affordable Care Act has been enacted and is a very broad law impacting the entire health care industry and those that seek its services. As a result of the size and scope of the legislation and the fact that the law requires federal departments to issue more detailed implementation regulations, it will take time to fully analyze all the changes and the subsequent impact on administrative requirements.
  - Under the Patient Protection and Affordable Care Act plan sponsors are required to pay fees that will partially support the Patient- Centered Outcomes Research Institute. The fees will be required for plan years ending after September 30, 2012, and before October 1, 2019 (starting November 1, 2011 and later). Fees for the Patient –Centered Outcomes Research Institute are not included in the above administrative fees.
  - Section 1341 of the Affordable Care Act (ACA or health care reform law) provides that a transitional reinsurance program be established in each State to help stabilize premiums for coverage in the individual market during the years 2014 through 2016. This quote or renewal does not include the ACA Reinsurance Fees, since it is assumed that the employer will remit payment to HHS directly.

Additional Financial Assumptions

- The charge for processing twelve months of run-out claims is equal to the number of medical lives for the 3 months prior to termination multiplied by 50% of the fee in effect immediately prior to termination. In addition, direct charges may be incurred following termination that are not included in the standard run out processing fee (i.e., data feeds to other vendors).

Basic Services Included in Administrative Service Fees

- Costs of administering the proposed PPO plan designs.
- Claims Fiduciary coverage.
- All network access fees.
- Anthem SpecialOffers – Discounts directly from providers of alternative medicine, wellness products, laser vision correction and vision care, and fitness club memberships.
- Discounts negotiated by our vendor, National Care Network, on certain non-network claims. The fee will be equal to 40% of the negotiated savings.
- Blue Distinction is a national designation program which recognizes facilities that have demonstrated expertise in delivering quality specialty care for patients with highly complex medical needs. Designations are offered in six concentrations: bariatric surgery, cardiac care, complex and rare cancer, knee/hip replacements, spine surgery and transplants. The Blue Distinction program is evolving into a value-based designation awarded to facilities that meet stringent quality measures as well as cost of care criteria. Quality remains the foundation of Blue Distinction – facilities must first meet the quality criteria to be evaluated for cost. In 2013, the first Blue Distinction Value designations will launch for the spine surgery and knee/hip replacement programs. The value criteria will be phased into all other Blue Distinction programs (cardiac care, complex and rare cancer, bariatric and transplants) through 2014.
- Management reports (standard account reporting package, performance guarantee reporting, lag reports, online reporting tool/access, etc.). In addition to these reports, ANA will provide 20 hours of time needed to generate custom or ad-hoc reports (e.g., care management and utilization review reports) at no charge per year. The charge beyond 20 hours per year is $150 per hour of time needed to generate the custom or ad-hoc report.
- Subrogation services. These services do not involve front-end costs and are paid by UFCW as a percentage of recovery. The fee is 25% of the gross subrogation recovery, or if outside counsel is retained, 15% of net recovery after a deduction for outside counsel fees for subrogation-related services.
- External Appeals. The PPACA requires that ASO groups provide a process for external claims appeals to be available in situations where adverse benefit determinations have been made. UFCW will do Level 1 and Level 2 appeals, and will use Anthem service for External Appeals. The cost is $550 per external appeal for the service contracted with ANA.
- Standard ID cards with the UFCW logo.
- Existing group structure. Additional charges may apply if sub-groups are added.
- The establishment of one banking arrangement.

- Assumes that eligibility data will be provided in Anthem National Account's standard format. Additional charges may apply for non-standard formats.
- Twelve annual electronic data feeds to an outside vendor in ANA's standard format ($1,000 for each additional standard feed)
- Information necessary to comply with state or federal reporting requirements (e.g., 5500 reporting)
- Open enrollment meeting support – locations will be mutually agreed upon by UFCW and ANA.
- Electronic version of the benefit booklets.
- Online/mobile provider directory.

Core 360 Programs Included in Administrative Service Fees

- Standard medical management services, which include pre-certification, concurrent review, retrospective review, discharge planning, outpatient review, case management and transplant management. Additional fees may apply if Anthem's standard pre-certification list is not used.
- NurseLine Audio Library; audio library of more than 300 health care topics in English and Spanish.
- The Behavioral Health UM/CM program, which includes inpatient concurrent review, facility-based treatment concurrent review, out-patient review if required by benefit design, with care management focused on level of care transitions.
- New Quick Care Options. Quick Care Options is a program that educates members on the most effective use of emergency rooms and urgent care centers. Based on actual member utilization, Anthem will reach out to members to promote the most cost-advantageous sites of care for hundreds of common conditions
- New Live Health On-Line. Live Health On-Line is an extension of our national provider network. Members are abel to access care at work, outside of traditional business hours, home, and from anywhere with high speed Internet service.
- anthem.com web resources:
  - Personal online health management tools powered by our partners WebMD and Zagat.
  - Online Health Risk Assessment for members enrolled in an ANA plan.
  - Personal Health Record; internet-based health record which will gather and store extensive individual medical data.
  - Transparency tools, including Our Anthem Care Comparison tool, which is the nation's first online tool capable of generating comprehensive cost comparison information for over 100 common medical procedures.
- WebMD consumer engagement tools
- Online Health Risk Assessment for members enrolled in an ANA plan

I. Additional Services Available

Additional Administrative Services Available

- Commissions and consultant fees are excluded from administrative fees;
- ANA does not pay commissions/fees or other compensation (including overrides, incentive or bonus payments) to the consultant representing UFCW for which ANA provides administrative services only ("ASO services") for UFCW health benefit plan. UFCW is responsible for payment of

all compensation to consultants. Notwithstanding the foregoing, at the request of UFCW, ANA may agree to facilitate the payment of fees to UFCW consultant by collecting the fees as part of the administrative fees, and paying the fees to the consultant on UFCW behalf. If UFCW and ANA have agreed to this arrangement UFCW will be required to sign a form of authorization and the monthly fees to be collected will be reflected on the Administrative Fee Schedule.

- The cost of providing standard monthly stop loss reporting to UFCW is $0.50 per contract per month if Anthem is not selected as the stop loss vendor.
- FSA administration: pricing available upon request.
- COBRA administration: pricing available upon request.
- Administration of Health Reimbursement Accounts: pricing available upon request.
- Administration of Health Savings Accounts. Pricing is available upon request.

Additional 360° Programs Available

- The cost of the Imaging Management program is $0.80 per contract per month. This program delivers a consistent, national imaging management solution for outpatient advanced imaging procedures (CT, MRI, Nuclear Cardiology, PET) through a clinical appropriateness review and proactive outreach to members.
- The cost of the Sleep Management program is $0.12 per contract per month. This program was developed to assist individuals suffering from Obstructive Sleep Apnea. The program is designed to align the diagnosis and treatment of Obstructive Sleep Apnea with clinical guidelines, while enhancing access to high value providers and ensuring compliance with appropriate treatment protocols.
- The cost of the Blue Distinction buy-up option for Bariatric services, which includes benefit differentials and specialized care management is an additional $0.34 per contract per month.
- The Employee Assistance Program (EAP) provides solutions to help enhance employee productivity and total wellness through its confidential and easily accessible services. Cost upon requested plan design. Employees and household members are eligible for: four EAP counseling sessions per issue; access to the EAP website; and referrals for work/life services including legal and financial consultations, child and elder care services, tobacco cessation coaching, and identity theft protection. EAP also includes a bank of 35 onsite hours that may be used for wellness trainings or for critical incident services. Custom designed EAP model is available upon request.
- Pricing for the Worksite Wellness programs is available upon request. The Worksite Wellness teams are staffed by certified health educators, travel to offices and workplaces to teach and share expert knowledge on a wide variety of health and lifestyle topics.

II. Additional Specialty Programs Available

Productivity Solutions with Life and Disability

Productivity Solutions integrates our 360 Health programs to our disability case management. The program is designed to improve member outcomes, reduce absenteeism and help employers promote a productive, healthy workforce. We offer more than just a disability check for members by including Resource Advisor that focuses on counseling services and ID theft recovery, Newborn Parenting Resources[1] that provides assistance to new mothers and Travel Assistance[2] that offers emergency medical assistance and travel services when members are traveling more than 100 miles away from home.

Dental and Vision

With access to one of the largest Dental PPO networks in the country and growing, our dental network provides excellent in-network choices for members. Our unique dental analytics tool gives us the ability to analyze the cost and quality of our PPO networks to deliver savings for employers. And with our dental programs, members can receive negotiated fee discounts beyond their annual maximum and for non-covered services, such as teeth whitening.

Anthem vision plans offer access to one of the country's largest vision networks with more than 50,000 providers and provider locations including independent optometrists, ophthalmologists and popular retail locations like LensCrafters®, Pearle Vision®, Sears OpticalSM, Target Optical®, and JCPenney® Optical. With so much choice and convenience, our members stay in network 97% of the time.[3] Members also have access to discounts between 15% to 40% on additional eyeglasses, conventional contacts and other items, such as sunglasses, beyond their annual benefits maximums!

[1] Included with short-term disability product.

[2] Included with group term life/AD&D product.

[3] Internal data, 2009