Anthem. BlueCross BlueShield

June 26, 2013

Bill:

We know the Fund has choices when it comes to health care coverage, and we are thankful for the confidence they have had in Blue Cross Blue Shield over the years to bring health care value to their members. We value our relationship with you, the Trustees, and the Members of the Richmond Tidewater UFCW Unions and Participating Employers Health and Welfare Fund, and appreciate the opportunity to present the 2013 renewal.

We are pleased to offer a 3 year renewal for the period 1/1/2014 through 12/31/2016:

Renewal Period	Rate	Percentage Change
1/1/2014 – 12/31/2014	$39.37	2.18% increase
1/1/2015 – 12/31/2015	$40.05	1.72% increase
1/1/2016 – 12/31/2016	$40.05	0.00% increase
Note: Average rate increase over the previous 3-year period was 0.7%		

Total ASO Expenditure:

You ASO fees represent only 5% of total ASO medical cost.

UFCW Richmond Tidewater	Total Annual	PCPM Cost	% Total
Employer Claims*	$7,466,809	$546.93	81%
Employee Claims*	$1,254,396	$91.88	14%
Admin Fees*	**$526,018**	**$38.53**	**5%**
Total Cost	$9,247,223	$677.35	100%
*Based on paid claims from 1/1/2012 – 12/31/2012			

Total Discounts:

Development of ANA's total discounts is derived from the components listed below which enables us to deliver the lowest total cost for the Fund through our extensive provider networks and strong discounts.

Type of Service	Network
In-Network Contracted	BlueCard PPO and Alternative Network
In-Network Non-Contracted	State Mandates or Non-contracted hospital based physicians or anesthesiologist
Out-of-Network Contracted	BCBS Traditional Network
Out-of-Network Non-Contracted	National Care Network (NCN)

The Fund achieved **98.2%** in-network utilization for 2012 paid claims with a **62.80%** total network savings.

UFCW Specific Results	**Total**
Eligible/Covered Charges	$23,444,903
In-Network Utilization (eligible charges)	**98.2%**
Employee Cost Share	$1,254,396
Employer Paid Claims*	$7,466,809
- In-Network	*$7,072,610*
- Out-of-Network	*$394,199*
Total Network Savings $	**$14,722,472**
Total Network Savings %	**62.80%**
Total Network Savings PCPM	**$1,078.40**

Anthem has enhanced our ASO offering with three new core initiatives that are included in your ASO fee. All three of these initiatives are designed to bring additional value and cost savings to the Fund and members.

1) **Quick Care Options (QCO).** Quick Care Options is a program that is designed to reduce unnecessary ER spend. The program educates members on the most effective place of service (ER room, Urgent Care Center, Retail Health Clinic) for urgent or emergent medical needs. 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. This is supported by messaging on the explanation of benefits and other e-tools to help members get the right treatment, at the right price, and at the right time. Anthem ran a pilot with Prince William County in Virginia and achieved excellent results. You will see the stats referenced in the brief deck that is attached.
2) **Live Health On-Line (LHOL).** Live Health On-Line is an extension of our provider network. It provides members online access to a physician for care at work, outside of traditional business hours, home, or anywhere with high speed Internet access. The on-line docs work 365 days/year from 7:00 a.m. – 11:00 p.m. across all continental time zones. Effective October 1, 2013 docs will be available 24/7. Most on-line visits are $49 which is a substantial savings over RHC, UR, and ER facility providers. A short deck as well as a demo is attached.
3) **PC2 (Patient Centered Primary Care).** Anthem has a new way to contract and pay Primary Care Physicians, and we call it PC2. PC2 focus on patient-centered care, and pays physicians for value and not volume. We are rolling this out to all 14 Anthem states in 2013 – 2014. Physician fee schedules have been modified to provide lower fee for service, and supplementing that with a share of the savings from reduced cost of care from proven outcomes. A short deck is attached.

In addition, there are other new programs/products available at additional cost, and they are briefly outlined in the renewal document. Also enclosed are annual utilization reports for your review.

I look forward to being with you and the Fund Trustees next week, and will be prepared to discuss the new offerings in detail as well as answer any questions you may have. We sincerely appreciate your business, and respectfully ask for the opportunity to continue our relationship with the Fund in the coming years with a goal of reducing health care costs and improving the health of the members we serve.

Respectfully,

Rhonda Lloyd

Rhonda Lloyd, FLMI, ACS
Account Executive
Anthem National Accounts

Attachments