

TO: Members of the Board of Trustees of the UFCW Unions and Participating Employers' Health and Welfare Fund

FROM: Joe Pedone, CareFirst BlueCross BlueShield. 
Steve Krasnoff, CareFirst BlueCross BlueShield. 

RE: CareFirst Rate Increase Request- 2013

DATE: December 4, 2013

Following CareFirst BlueCross BlueShield's memo dated September 13, 2011 and subsequent presentations to the UFCW Unions and Participating Employers' Health and Welfare Fund ("Non-Food Fund") Board of Trustees on September 15, 2011 and July 2, 2013, we respectfully ask that the Non-Food Fund Board proceed with a motion to approve the 2013 - 2014 Network Lease and FlexLink rates that were disclosed in the aforementioned correspondence. The rates published in the memo were as follows:

	Network Lease	Increase Over Previous Year's Network Lease Rate	FlexLink	Increase Over Previous Year's FlexLink Rate
11/1/2013 – 10/31/2014	\$4.00 pcpm	+3%	\$20.20 pcpm	+3%

*Note: The acronym "pcpm" stands for "per contract per month".

Based on the Non-Food Fund's average monthly eligible count of 2,622 in the 2012 – 2013 contract year (2,106 eligibles in CareFirst's Network Lease solution and 516 in the FlexLink solution), CareFirst is requesting an additional \$6,685.92 to run the current program. This breaks down to an increase of \$252.72 per month (\$3,032.64 annually) in Network Lease fees and an increase of \$304.44 per month (\$3,653.28 annually) in FlexLink fees.

Once again, we thank you for your business, and wish to express our sincerest appreciation to serve the Non-Food Fund's members for the past two years. We look forward to continuing our partnership with the Fund for a long time to come.