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Memorandum

To: Board of Trustees
Industry & Local 338 Welfare Fund

From: Michael Tesoriero
John P. Urbank

Date: March 1, 2023

Re: **Teamsters Local 338 Welfare Fund – Empire Blue Cross Blue Shield
Joint Administered Arrangement (JAA) Administrative Fee Effective May 1, 2023**

The Fund's Joint Administrated Arrangement (JAA) Administrative Fee with Empire BlueCross BlueShield renews each year and they provided a renewal offer effective May 1, 2023.

The JAA Administrative Fee provides the Fund with the following services:

- Claims Repricing, which adjusts the claims to Empire's contractual levels;
- Utilization Management services, which include precertification of Inpatient initial and concurrent review, outpatient ancillary service and specialty infusion review, retrospective review and pre-determination review;
- Case Management services, which include Complex Medical Case Management including Traumatic Injury, Critical Care, Oncology, LRAC and NICU, Transplant Case Management and Behavioral Health Case Management;
- The Behavioral Health utilization management program includes Inpatient Acute initial and concurrent review.

Empire has requested a 2.4 percent increase in the administrative fee of $17.74 per participant per month to $18.17, which amounts to an increase of $0.43 per participant per month. This fee includes the program integrity fee offset of $0.10. Based on all individuals covered of 284 (or 119 member contracts), the current annual fee is $60,500 and would increase to $61,900, or by $1,400 annually.

We find the proposed increase reasonable and can recommend tMhe offer from Empire as presented.

cc: Associated Administrators
Fund Counsel

Rated Insurance Companies

Segal believes that it is important for clients to consider the financial strength of insurance companies and managed care organizations which are candidates for initial selection or renewal as insurers, or service providers, to employee benefit plans. Therefore, we are providing the current claims paying ability rating that was available to us as of the date this document was prepared for the insurance company or managed care organization under consideration. We have provided Standard & Poor's rating for your convenience. However, there are several other rating services (e.g., A.M. Best, Fitch and Moody's) which also provide claims paying ability evaluations of insurance companies and managed care organizations. You may wish to consult with these other services before making a decision regarding the initial selection or renewal of an insurance company or managed care organization.

Insurance company and managed care organization rating categories explanations are attached. For example, Standard & Poor's ratings range from "Vulnerable" to "Secure". In particular, they regard "vulnerable" companies (i.e. ratings of BB+ and lower) to be at relatively serious risk in terms of meeting both claims and creditor obligations. Insurance companies in this category should be researched carefully before being selected. Some insurance companies or managed care organizations may not have a published rating. You may therefore wish to pursue other means of determining the financial strength of these carriers.

Segal does not itself perform insurance company or managed care organization credit quality evaluations and does not offer any warranty as to the scope or reliability (e.g., with respect to an organization's ability to meet future obligations) of the insurance company or managed care organization evaluations performed by Standard & Poor's or any other rating service.

INSURANCE COMPANY/SERVICE PROVIDER	COVERAGE LINE	RATING AGENCY	RATING	DATE OF RATING
Empire HealthChoice Assurance	Medical	A.M. Best	A	12/9/2022

A.M. Best's Rated Categories Explanation

RATING SYMBOLS	RATING NOTCHES*	CATEGORY
A+	A++	Superior - "superior ability to meet their ongoing obligations to policyholders"
A	A-	Excellent - "excellent ability to meet their ongoing obligations to policyholders"
B+	B++	Good - "good ability to meet their ongoing obligations to policyholders"
B	B-	Fair - "fair ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C+	C++	Marginal - "marginal ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C	C-	Weak - "weak ability to meet their current obligations to policyholders, but their financial strength is very vulnerable to adverse changes in underwriting and economic conditions"
D	-	Poor - "poor ability to meet their current obligations to policyholders, but their financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions"

*Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".

Empire HealthChoice Assurance, Inc.

BestLink **AMB #: 068564 NAIC #: 55093 FEIN #: 237391136**

Domiciliary Address
9 Pine Street 14th Floor
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AM Best Rating Unit: AMB #: 070076 - Anthem Health Group

Assigned to insurance companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.

View additional news, reports and products for this company.

Based on AM Best's analysis, 058180 - Elevance Health, Inc. is the **AMB Ultimate Parent** and identifies the topmost entity of the corporate structure. View a list of operating insurance entities in this structure.

Best's Credit Ratings

Financial Strength View Definition

Rating (Rating Category):	A (Excellent)
Affiliation Code:	g (Group)
Outlook (or Implication):	Stable
Action:	Affirmed
Effective Date:	December 09, 2022
Initial Rating Date:	August 15, 2002

Long-Term Issuer Credit View Definition

Rating (Rating Category):	a+ (Excellent)
Outlook (or Implication):	Stable
Action:	Affirmed
Effective Date:	December 09, 2022
Initial Rating Date:	December 29, 2005

Financial Size Category View Definition

Financial Size Category:	XV ($2 Billion or greater)

u Denotes Under Review Best's Rating

Best's Credit Rating Analyst

Rating Office: A.M. Best Rating Services, Inc.

Senior Financial Analyst: Jennifer Asamoah

Director-Analytics: Doniella Pliss

Note: *See the Disclosure information Form or Press Release below for the office and analyst at the time of the rating event.*

Disclosure Information

Disclosure Information Form
View AM Best's Rating Disclosure Form

Press Release
AM Best Affirms Credit Ratings of Elevance Health, Inc. and Its Subsidiaries
December 09, 2022

View AM Best's Rating Review Form

Rating History

AM Best has provided ratings & analysis on this company since 2005.

Financial Strength Rating

Effective Date	Rating
December 09, 2022	A
December 01, 2021	A
December 03, 2020	A
November 07, 2019	A
September 07, 2018	A

Long-Term Issuer Credit Rating

Effective Date	Rating
December 09, 2022	a+
December 01, 2021	a+
December 03, 2020	a+
November 07, 2019	a+
September 07, 2018	a+

Best's Credit & Financial Reports

Best's Credit Report - financial data included in Best's Credit Report reflects the data used in determining the current credit rating(s) for AM Best Rating Unit: AMB #: 070076 - Anthem Health Group.

Best's Credit Report - Archive - reports which were released prior to the current Best's Credit Report.

Best's Financial Report - financial data included in Best's Financial Report reflects the most current data available to AM Best, including updated financial exhibits and additional company information, and is available to subscribers of Best's Insurance Reports.

Best's Financial Report - Archive - reports which were released prior to the current Best's Financial Report.

View additional news, reports and products for this company.

Press Releases

Date	Title
Dec 09, 2022	AM Best Affirms Credit Ratings of Elevance Health, Inc. and Its Subsidiaries
Dec 01, 2021	AM Best Affirms Credit Ratings of Anthem, Inc. and Most Subsidiaries; Upgrades Credit Ratings of AMERIGROUP Affiliates
Dec 03, 2020	AM Best Affirms Credit Ratings of Anthem, Inc. and Its Subsidiaries
Nov 07, 2019	AM Best Affirms Credit Ratings of Anthem, Inc. and Its Subsidiaries
Sep 07, 2018	A.M. Best Affirms Credit Ratings of Anthem, Inc. and Its Subsidiaries
May 05, 2017	A.M. Best Removes From Under Review and Affirms Credit Ratings of Anthem, Inc. and Its Subsidiaries
Jun 24, 2015	A.M. Best Places Ratings of Anthem, Inc. and Its Subsidiaries Under Review with Negative Implications

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United Kingdom Disclosures
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