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Memorandum

To: Board of Trustees
Industry & Local 338 Welfare Fund

From: Kayla M. Davis
John P. Urbank

Date: March 7, 2024

Re: **Teamsters Local 338 Welfare Fund – Empire Blue Cross Blue Shield Joint Administered Arrangement (JAA) Administrative Fee Effective May 1, 2024**

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, 2024.

The JAA Administrative Fee provides the Fund with the following services as well as some additional services:

- Clinical, Health and Wellness Programs;
- 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 3.0 percent increase in the administrative fee of $17.91 per individual per month to $18.45, which amounts to an increase of $0.54 per individual per month. Based on the Fund's total individuals covered of approximately 302 (or 126 member contracts), the current annual fee is $64,900 and would increase to $66,900, or by $2,000 annually.

We requested that Empire reduce the requested increase and they have agreed to a 2.5 percent increase. The administrative fee will be $18.36 per participant per month and this appeal saved the Fund $326 annually.

We find the proposed increase reasonable and can recommend the 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 "-".

Industry and Local 338 Welfare Fund
PPO W/O Drug
Jointly Administered Arrangement (JAA)
Billing Number: JNY056 Plan Location - NY

JAA Administration Fee Per Plan Participant* Per Month:

Contract Period	**05/01/24 - 04/30/25**
	$18.36

* Plan Participant is each family member under the plan.

Assumptions and Conditions

The services and fees within this proposal assume an effective date of May 01, 2024.

This renewal is contingent upon the group / plan sponsor being current with all premium or fees as of the effective date of the renewal, unless specifically agreed to in writing in advance by Anthem Blue Cross and Blue Shield.

Anthem reserves the right to change the base administrative services fees upon the occurrence of any of the following events:

Industry and Local 338 Welfare Fund's Member to Contract ratio not within +/-5% of 2.46.

Industry and Local 338 Welfare Fund's enrollment is not within +/-10% of 125 Contracts.

A change in third party administrator.

Anthem changes the standard administrative services it offers to its JAA customers.

A change in programs or products offered.

Any taxes, fees and assessments prescribed by any statutory, regulatory or other legal authority that, according to Anthem's discretion, invalidates this quote.

Legislation or other matters resulting in an increase in the cost or amount of administrative services from those being proposed by Anthem.

Additional Assumptions

Plan sponsors and administrators, are responsible for complying with all applicable laws.

The final relationship between the Parties will be subject to and described in an JAA Agreement and this agreement will be the binding agreement between the parties.

Anthem must review and approve TPA and or Self-Administered Plan operations and financials for this proposal to be valid. The Fund or Plan must agree to certain claim processing standards.

Eligibility data will be provided in Anthem's standard format. Additional charges may apply for non-standard formats.

Anthem pays claims and then bills our JAA client for reimbursement. Anthem's standard for claim billing is weekly with payment required within three business days from receipt of invoice.

Anthem's proposal assumes administrative fees will be paid the first of the month for the current month's coverage through either Demand Debit or Wire Transfer.

Anthem's proposal assumes reimbursement through one source.

Commissions and consultant fees are excluded.

The Mental Parity and Addiction Equity Act of 2008 ("MHPAEA") requires that group health plan and group health insurers apply the same treatment and financial limits to mental health and substance abuse disorder benefits as they do to medical surgical limits. Anthem standard processes have been reviewed to comply with non-quantitative treatment limits. Plan sponsors are responsible for ensuring that their plan designs are compliant with all applicable federal laws governing plan design, including MHPAEA.

The Administrative fee listed above does not cover expenses related to the processing of Anthem claims incurred during the service period but paid after group termination.

The fee assumes the account is responsible for fiduciary liability.

This renewal assumes the Fund is HIPAA compliant.

Included in Base Administrative Service Fees

Clinical, Health and Wellness Programs.

The above fee includes the following standard medical management services:

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, LTAC and NICU, Transplant Case Management and Behavioral Health Case Management.

The Behavioral Health utilization management program, includes Inpatient Acute initial and concurrent review.

Comprehensive digital tools to find a doctor, check quality and compare costs.

Quality care programs for transplants.

Medical Specialty Drug Review

Medical Specialty Drug Review with Site of Care

Clinical Review - Cancer Care Quality Program

Health assessment.

Guided action plans.

Informative health articles.

Motivational tools.

Plus other optional programs available.

Additional Service Fees

Enhanced Personal Health Care (EPHC) program administration - The fee for Anthem's oversight of EPHC with providers or vendors is 25% of the per attributed member per month amount charged to Employer for the provider performance bonus portion of the EPHC program.

The following BlueCard fees will be included in the paid claims amount:

The access fee is charged at a percentage no greater than 3.46% (2024) and TBD (2025) of the discount / differential subject to a maximum of $2,000 per claim.

Some BlueCard fees may not be charged in Anthem states. For a complete description of these fees, please consult your JAA Agreement.

The cost of processing run-out claims is excluded. The charge for processing 12 months of run-out claims is 9.0% of all run-out claims. In addition, direct charges may be incurred following termination that are not included in the standard run-out processing fee (e.g., data feeds to other vendors).

Fees associated with claims processed during the runout period including without limitation subrogation fees, recovery fees, network access fees, will be charged and during the runout period.

Subrogation Services – The charge is 25% of gross subrogation recovery.

Engagement on Claims Audits: $150 per hour in situations where Anthem is asked to perform research on claim audit findings. Maximum of 250 claims will be reviewed by Anthem.

Program Integrity Aligned Incentives - The charge is 25% of (i) the amount recovered from review of claims and membership data and audits of provider and vendor activity to identify overpayments and (ii) the difference between the amount Industry and Local 338 Welfare Fund would have been charged absent prepayment analysis activities and the amount that was charged to Industry and Local 338 Welfare Fund following performance of the prepayment analysis activities. The fee will not exceed $25,000 per claim.

External appeals - The PPACA requires that groups provide a process for external claims appeals to be available in situations where adverse benefit determinations have been made. Employer may contract with Anthem for this service or arrange to work directly with an external vendor. The fee will be $500 per external appeal for the service contracted with Anthem.

Reporting - Management reports (e.g., standard account reporting package, performance guarantee reporting, lag reports, online reporting tool/access are included in our fees. In addition to these reports, Anthem 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.

Data feeds - Anthem shall provide, on an annual basis, up to 12 electronic data feeds to an outside vendor in Anthem's standard format. The charge is $1,000 for each additional feed. Each time a report is sent to a vendor electronically, it is considered a feed, even if the same report is sent to the same vendor monthly. For example, if monthly feeds are sent to two vendors, 24 electronic data feeds will have been used on an annual basis. The charge for weekly data feeds to a single vendor, not to exceed 52 feeds, is $15,000 annually. The charge for up to 365 daily data feeds to a single vendor is $20,000 annually. Additional fees would be required for Stop Loss interfaces, Rx integration feeds and telemedicine.

Blue High Performance EPO Network - Blue HPN comprises an elite team of high-performing providers who operate within value-based payment models and/or those who agree to be clinically/fiscally responsible for a defined set of patients. The Blue HPN access fee of $4.00 applies to each employee/subscriber enrolled in the product.

TPA/Vendor Transfer Fee - The cost to transfer to a different Third Party Administrator or IT Vendor is $5 per contract, up to $50,000.

Fee for Independent Dispute Resolution – Fees charged to Anthem as part of independent dispute resolution processes, including arbitrator fees, will be charged to Employer.

Industry and Local 338 Welfare Fund
PPO W/O Drug
Jointly Administered Arrangement (JAA)
Billing Number: JNY056 Plan Location - NY

Pharmacy Benefit Administration

Pharmacy Benefit Administration is not included in this quote. Pricing is available upon request.

Buy-Up Health and Wellness Services Per Plan Participant* Per Month

Contract Period	05/01/24 - 04/30/25
☐ Building Healthy Families	**$0.13**
☐ 24/7 Nurseline	**$0.21**
☐ ConditionCare Core	**$0.68**
☐ MyHealth Advantage Gold w/o Daily Alerts	**$0.42**

* Plan Participant is each family member under the plan.

In addition to commissions that may be paid to the brokers at the request of the group on self-funded business administered by Anthem, the broker may receive payments from Anthem or may participate in cash or non-cash award programs, under one or more broker compensation programs (inclusive of incentive or bonus programs) that may be based on aggregate sales, business quality, or persistency. Except to the extent that they contributed to Anthem's general administrative charges, such broker compensation programs are not charged specifically to an individual customer's account. You can obtain additional information regarding Anthem's large group broker compensation programs by visiting www.anthembluecross.com or by contacting your Anthem representative.

Acceptance of this renewal can be made by signing the form and returning it to the account manager, sending e-mail confirmation to the account manager, or paying the amounts set forth on this form when due. Anthem will administer the plan following its standard policies and procedures and consider those acceptable to the group until such time as an agreement is executed by the parties.

SIGNATURE SECTION
Reviewed and Accepted on behalf of the Group by:
Print Name:
Title:
Signature:
Date: