

Questions to address the Head Start Sponsoring Board

On behalf of Administration and their Governing Board members

- What factors led to the decision to discontinue the health insurance plan?

The Fund is not discontinued. However, the contract with Anthem Blue Cross/Blue Shield was terminated. This occurred due to the Fund's inability to pay the insurance premium promptly according to the contract terms. Part of this is because the increases necessary to continue payment have not yet been finalized. As previously communicated, the Plan has been spending deficits since 2012, when Mayor Bloomberg changed its funding formula for Head Start programs. Healthcare was included in the cuts. Declining enrollment and increased benefit costs have depleted Fund reserves from \$27 million to \$0. In many cases, agencies have contributed to the crisis, allowing employees to waive the Plans coverage for government-subsidized plans, violating the ACA Mandates. Moreover, any increase in contributions was not enough to combat the adverse claims experience the Fund incurred. In certain instances, claims rose to over \$1 million monthly. The Fund's Trustees have tried to counter these effects through plan design changes.

- Did the insurance cancel us? Insurance claims the employer discontinued the plan. Can you further elaborate on specifics?

Despite ongoing negotiations with Anthem Blue Cross Blue Shield and the Fund's request to enter an ASO (administrative services only arrangement), Anthem discontinued the coverage. The Fund did not facilitate the Cancellation.

- Has DOE been informed, and has there been a response from them?
HSSBC & Union: The Fund has no standing with the DOE or the City of New York.
On a Fund level, DOE has not been informed.
- Will the OHS regional office be informed?
The OHS has not been informed on the fund level.
- How long does the Welfare Fund think they can sustain a self-funded insurance plan and What steps have been taken to ensure the self-funded plan is financially viable and provides adequate coverage for members?

The Fund has already implemented many actions to reduce Plan costs for long-term solutions and has already seen a reduction in its benefit costs. Terminating the insured benefit was instituted because of insurance regulations and the Fund's inability to pay the large premium within the 30-day Grace period.

The Fund is making every effort to solidify another carrier/ASO arrangement. The plan's viability relies on agencies contributing on time and every month. Financial viability can only be ascertained if contributions come into the Fund and the bargaining parties get to the table and settle a contract that includes increased contributions. The increased contributions should reflect that there is a smaller number of employees enrolled and they have health issues. This Fund has not received an increase in at least three years,

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and as a result, the Fund has been forced to take drastic measures to continue, including eliminating spouses. Coverage comes at a cost.

- How will the funds that are paid to the welfare fund be managed, and by whom?
The Fund is working to get another third-party administrator involved in administering the Fund. In the meantime, the Fund Administrator and the Trustees manage the Fund.
- Does the agency submit claims on behalf of its employees, or does each employee submit?
The employee can voluntarily give claims to the agency, but the employee is expected to handle the claims and forward them to the Fund. All claims should be adequately identified and sent to the Fund. Mail claims to: DC37 Local 95 HSEWF P.O. Box 816 New York NY 10108
- Will the coverage provided under the self-funded plan be changed or limited compared to traditional insurance plans?
At this point, coverage is intended to continue as is. However, the Trustees reserve the right to make plan benefit changes to further control costs.
- How long will reimbursement take for members waiting for their reimbursements?
The goal is to turn around claims as soon as possible and ensure that patients do not receive demands from service providers. Members who receive collections notices from any provider can contact the Welfare Fund at (212) 343-1660 or email a copy to the Fund. For a list of email addresses, please refer to the www.dc1707195wf.net contacts tab.
- How will the Head Start Sponsoring Board communicate updates, changes, and important information regarding the self-funded plan to members of Local 95?
The HSSBC, the Welfare Fund, and the Union will all communicate any updates and changes through its website, mail, and messaging.
- Who are the trustees of the plan?
Eight trustees represent the Trust Fund. The Management Trustees are Andre Lake, Cynthia Cummings, Renee Sutton, and Cynthia McCright. The Union Trustees are Barbara Edmonds, Jahmilia Edwards, Linda McPherson, and Beverly Peres. The Fund Manager is Randy Paul.

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- Since there is no official health plan, can members leave the plan to pursue their own insurance? (For example, an employee might opt to join their spouse's insurance.)
You should refer to the terms of the collective bargaining agreement regarding opt-outs.

Are employees eligible to use the Marketplace insurance options while the self-funded plan is offered? What support or resources will be offered?

To the extent that an employee is eligible for the Marketplace, they may research it online. However, if an employer subsidizes coverage for an employee who enrolls in marketplace coverage, it could be considered a violation of the collective bargaining agreement.

- What about staff members who are not on the plan now but need insurance, as well as new hires? How will they be accommodated?
They are welcome to enter into the Fund, but contributions must be made on their behalf.
- Is there a possibility of joining coverage under Local 205 since many of our sites are mixed programs, and both locals are under DC37?
That is a collective bargaining issue outside the Fund's scope.
- How will they determine what bills get paid and whether it will be first come, first served based on urgency? Please provide the methodology. *Claims will be paid on the basis that they are received and processed. However, some claims are more complicated, such as hospitalization claims. A third party with expertise in this area will process a hospital claim.*
- How can affected members voice their concerns and provide input on the resolution process regarding the discontinuation of health insurance? *We encourage you to speak with the Head Start Sponsoring Board and Union.*
- The Administration requests that HSSBC hold meetings every other week to inform us of the steps that HSSBC and Welfare are taking to resolve this issue. *The Fund is a separate entity. The management Trustees represent the agency's concerns and will communicate with them. The Fund will always make itself available to meet with the HSSBC or Union membership.*