



**FROM THE DESK
OF
JOE R. DUNCAN,
PRESIDENT DIRECTING GENERAL**



October 21, 2008

TO: All Members Subject to National Freight Agreement

Dear Sisters and Brothers:

We are pleased to announce that members covered by the October 1, 2008 IAMAW National Freight Agreement will soon have a significant health insurance benefit improvement. Effective November 1, 2008, office visit co-pays for Nurse Practitioners, Physician's, Physical Therapists and Chiropractors will be lowered from \$35.00 to \$20.00. In addition, a new supplemental discount program will soon be applied to charges for out-of-network service that should result in considerable participant savings.

Co-pays under the October 1, 2008, Agreement were set at \$35.00 for specialists as one of the several inseparable Plan design changes that facilitated the unprecedented expansion of Managed Care to almost all geographical areas of the country. As a result of the MMCP expansion, virtually all members covered by the National Freight Agreement can now enjoy the lower out-of-pocket costs and unlimited lifetime cap of Managed Care as opposed to the 85/15 co-insurance arrangement of the Comprehensive benefit with its \$1 million cap and annual deductibles.

Notwithstanding the tremendous advantages of the MMCP expansion, the placement of co-pays for Nurse Practitioners, Physician's Assistants, Physical Therapists and Chiropractors in the higher "specialist" provider category had substantial impact on some members and was a benefit change we fought hard to avoid. Ultimately, we were unable to achieve the lower \$20.00 co-pays we sought prior to the October 1, 2008 Agreement sent to you for ratification, thus it reflected the \$35.00 co-pays.

However, by steadfastly pursuing the issue with the Carriers through our status as Joint Policyholders, we were able to achieve a reduction in co-pays through jointly agreed upon administrative action during the moratorium period between contracts. Likewise, the implementation of the new supplemental discount program was also the result of administrative action by the Joint Plan Committee.

We have been advised by the insurance companies that the lower co-pays will be implemented on November 1, 2008 and the implementation date of the USDP program has not yet been finalized. The co-pay change will be incorporated in the next issue of the Summary Plan Description, which is now being printed and will be mailed to each participant in the near future.

In an effort to clarify the USDP Program referenced above, I am attaching a copy of an Overview provided by United HealthCare for your information and review.

Sincerely and fraternally,

Joe R. Duncan
President Dir. Gen. Chairman

United Healthcare Supplemental Discount Program (USDP)

Overview

The United Healthcare Supplemental Discount Program (USDP) is a valuable discount program that can augment the primary UHC networks currently servicing the National H&W Plan. The USDP offers two main components:

1. Discounts through supplemental vendor networks with contractual discounts
2. Discounts through facility and physician fee negotiations

Under the USDP, Railroad claims would continue to attract discounts through the current Choice Plus network (for MMCP) and Options PPO network (for CHCB). Any claims without discounts through these primary networks would then be eligible for repricing through the USDP, subject to certain exclusions.

These non-discounted claims under both MMCP and CHCB would first be routed through the supplemental vendor networks to obtain contractual discounts. After this step, any claims still without discounts would then be subject to fee negotiations. Lastly, any claims failing to get any discounts would be processed subject to the Plan's Reasonable and Customary (R&C) guidelines.

For its supplemental networks, the USDP utilizes two vendors that require a logo on the employee ID cards, which generally allow for broader and deeper discounts. Our program assigns one of these two vendors, MutiPlan or First Health Group (FHG), to each state in order to maximize aggregate discounts. Plan members will receive new ID cards with the applicable logo depending on their state of residence.

If a discount cannot be obtained by the assigned "logo vendor", the USDP will then use the following "non-logo" vendor networks for discounts:

- a. MutiPlan (non-logo network)
- b. Three Rivers Physician Network (TRPN)
- c. Beech Street
- d. Integrated Health Plan (IPH)

Claims that do not obtain any network discounts (either through the primary networks for MMCP and CHCB or through the USDP supplemental vendor networks), will be subject to facility and physician fee negotiations from one of the following vendors:

- a. MultiPlan - all physician claims, plus facility claims for NJ, NY, PA
- b. Viant (formerly Concentra Preferred Systems) - facility claims, except for NJ, NY, PA

Claims that are successfully repriced through either the supplemental vendor networks or negotiations are paid with no balance billing-any reductions in the billed charges due to these discounts are the responsibility of the provider. However, benefit levels will not change for claims for which a USDP discount is obtained (i.e., MMCP non-network benefits will still apply to discounted claims under USDP).

Any claims for which no discount is obtained through the USDP will be processed subject to the National H&W Plan's current Reasonable and Customary guidelines for which any reduction may be balance-billed to the patient.

UnitedHealthcare Supplemental Discount Program (USDP)

Additional Features and Details

Supplemental Vendor Networks

- MultiPlan and First Health Group (FHG) are first in hierarchy and require ID card Logos
- Vendor discounts applied based upon member's state of residence and will follow the member regardless of state service is incurred in.
 - a. First Health Group States:

AK	AL	AR	AZ	CA	CO	
FL	GA	HI	ID	LA	MS	
MT	NV	OR	TN	UT	WA	WY
 - b. MutiPlan states: All other states
- National Networks that do not require ID card logos are then accessed: Multiplan (non-logo network, TRPN, Beech Street, and IHP (note: state regulations do not allow application of non-logo networks in AR and LA))
- Turn around time for repricing averages 98% of claims in one day (100% within 5 days)

Fee Negotiation Vendors

- Multiplan is the core physician negotiation vendor; Viant also negotiates high dollar physician claims.
- Viant is the core facility negotiation vendor, MultiPlan also negotiates certain claims
- Physician claims under \$175 and facility claims under \$500 are not subject to negotiations. These dollar levels may change and could be lowered, as efficiencies are identified on these lower dollar claims.
- Once the agreed upon fee has been determined, the vendor confirms the agreement in writing with the provider, thereby eliminating possibilities for balance billing
- Maximum length of time allowed for negotiations (from date claim received)
 - a. Physician fees are 25 calendar days (average turnaround is 7-10 days)
 - b. Facility fees are 14 calendar days (average turnaround is 3-5 days)

Claims excluded from USDP

Claims that are not discounted under the MMCP and CHCB that would be excluded from the USDP include:

- Pharmacy Claims
- URN Transplant Claims
- COB Claims
- Medicare Primary and Medicare Supplement Claims
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Comparison with Reasonable and Customary (R&C) Charges (physician claims only)

The USDP includes a feature that records and carries the amount of the R&C level for each claim throughout the routing process. Physician claims will be paid based on the lower of:

- Vendors' network/negotiated charge (discounted amount) or
- Reasonable and customary levels

This feature ensures that discounts will not be taken unless they exceed the amount of the reduction under the National H&W Plan's existing R&C guidelines (90th percentile). We expect that only a very small portion of all Railroad claims (about 0.1%) will have potential USDP discounts that do not exceed the amount of the R&C reduction.

UnitedHealthcare Supplemental Discount Program (USDP)

Highlights of Advantages

ADVANTAGES TO THE NATIONAL H&W PLAN

- Significant overall net savings to the National H&W Plan
- Increased discounts over current supplemental program (Coalition America, Inc.).
- Lower administrative fees (as a percentage of savings realized) than the current supplemental program.
- Elimination of the interface fees required to support the current non-standard supplemental program.
- Administration is easy and efficient. Claims are routed through Electronic Data Interface (EDI) and repriced electronically. Discounts are automatically applied when a claim is processed and are noted on the enrolled individual's EOB.
- No Plan or benefit changes are required.

ADVANTAGES TO ENROLLED INDIVIDUALS

- Enrollees who receive services that are discounted under the USDP will benefit from their reduced coinsurance dollars and hence have lower out-of-pocket costs.
- Facilities, physicians and other health care professionals participating in the USDP vendor network or who have agreed to a negotiated rate are prohibited from balance billing enrolled individuals whenever their contractual or negotiated discount is taken.
- New ID cards with applicable logo will automatically be sent to all employees.
- Enrolled individuals will not receive a separate USDP provider directory, but electronic access to the USDP vendor directory is available to members through myuhc.com. Savings are applied post service when a USDP physician or other health care professional has been used or a discount was negotiated.
- Special claim forms are not required when an enrollee utilizes any of the USDP facilities, physicians or other health care professionals. Claim payments go directly to the provider.
- Enrollees who have benefited from a USDP discount receive EOBs that clearly identify when a USDP provider was accessed through the supplemental vendor networks or a discount was negotiated that resulted in cost savings.
- UnitedHealthcare team familiar with the National H&W Plan coverage and benefits will support appeals and issue resolution.