Affiliated Physicians Health Plan MEWA

Administered by QualCare, Inc.

Self-Insurance Managed by Physicians For Physicians and Their Employees Has Proven to be a Win For All

Also in this Issue

- Out of Network Legislation Introduced in the Collection of Patient Financial Obligations
- Controversial Draft Rules Released for Medical Marijuana
- NJ Supreme Court Allows Waiver of Board Certification Requirement for MedMal Affidavit of Merit
- Health Care Ruling on Constitutionality of Individual Insurance Mandate Expected this Year
Nearly two decades ago, QualCare, Inc. began as a provider-sponsored managed care plan to service New Jersey hospitals and their employees, delivering cost-effective comprehensive medical coverage. At that time, New Jersey’s small group health reform prohibited physicians affiliated with these hospitals, with their own medical practices, from participating because these were considered to be small businesses, generally having less than 50 people on staff.

Responding to the understandable desire of physicians in hospital leadership positions who wanted to bring the same affordable, high-quality health coverage their hospitals were enjoying to their private practices, QualCare became actively involved in encouraging the passage, in 2002, of legislation authorizing the formation of Multiple Employer Welfare Arrangements (MEWAs).

MEWAs are association health plans that have carefully crafted by-laws governing their organization and operation. Essentially, the MEWA allows small employers (in this case, private practitioners), to join together under an association and offer a self-insured health plan to the collective group that provides the same benefits and savings previously afforded only to larger employers.

The first hospital physician group to form a MEWA was the Saint Barnabas Health Care System. Under QualCare’s guidance and administration, Saint Barnabas became the role model, demonstrating undeniable success, with 98% of participants extremely satisfied after the first year. Soon, other health systems, including the Robert Wood Johnson Health Network, Atlantic Health System and Saint Clare’s Health System, formed MEWAs and approached QualCare to accomplish for them what they had for the Saint Barnabas system.

Annette Catino is President and CEO of QualCare. She relates how things progressed from that point. “We were then able to convince the existing MEWAs to merge their plans together and form a statewide physician plan,” she happily reports. Ms. Catino explains that this was a tremendous accomplishment because it paved the way for operating the plan as its own new insurance company, concerned with important business management issues such as reserves, loss ratios, correct pricing of premiums, marketing, etc. “Now we have one big happy family with physician leadership from all of the major institutions in New Jersey,” she shares.

QualCare, Inc. is the only full-service, for profit, provider-sponsored managed care organization owned and operated in the state.
of New Jersey. It is majority-owned by 12 New Jersey hospitals and physician organizations and has more than 750,000 members currently enrolled in a full range of self-funded managed care products. In a determined effort to “give back” to the physicians, QualCare launched the Affiliated Physicians MEWA (AP MEWA) with the following distinguished institutional sponsors:

- Atlantic Health System
- Hackensack University Medical Center Medical and Dental Staff
- IPA of North Jersey
- Medical Society of New Jersey
- Meridian Health
- Morris Area IPA
- Mountainside IPA
- Northwest Physician Organization
- Robert Wood Johnson Health Network CentraState Medical Center, Raritan Bay Medical Center, Robert Wood Johnson University Hospital, RWJ at Rahway, RWJ at Hamilton
- Saint Barnabas Health Care System
- Trinitas Hospital
- VISTA IPA

Meridian Health System Vice President Terry Manna has been a MEWA Board of Trustees member since the plan’s inception. He discusses Meridian’s decision to sponsor the AP MEWA. “We thought that it was a very good idea for Meridian to be able to sponsor a plan that would benefit the medical staff across our health system. The MEWA provided an alternative vehicle to enable the physicians to provide health care for the employees in their practices,” relates Mr. Manna.

Also, Mr. Manna feels that it was a natural progression for QualCare to be the administrator of the AP MEWA. He points out that as a provider-owned health insurance organization QualCare contributes a consistency in the level of understanding of what the goals of a provider-owned MEWA are. “We are trying to offer a cost-effective vehicle for providers, QualCare brings their expertise as being provider-owned and provider-focused to the administration of the provider-owned MEWA,” he asserts. QualCare’s expertise also comes from covering more than 90,000 hospital and health care workers throughout the state, including the employees of the Meridian Health System.

As a member of the Board of Trustees, Mr. Manna sees himself as a spokesman for Meridian physicians, voting in their best interests to accomplish goals such as keeping prices down as much as possible and exploring opportunities for product designs that would be competitive in the market place. “For many of the physicians that have explored it, they find the MEWA really does have a great offering for them in terms of product designs as well as in terms of premium pricing that is extremely competitive and in some cases significantly lower than some of the quotes they are comparing us against,” Mr. Manna shares.

In 2007, the Medical Society of New Jersey chose to partner with the AP MEWA and provided its membership with access to the AP MEWA’s affordable premiums and quality care. At present, the AP MEWA is available to virtually every medical practice in the state of New Jersey, as well as allied health professionals such as physical therapists, chiropractors, dentists, home care companies and ambulance companies, to name a few.

Ms. Catino reports double digit growth for the AP MEWA during the last three years with more than a 78% increase in membership since 2007. The AP MEWA currently maintains a 97% retention rate and has more than 680 physician groups with close to 7,000 covered lives enrolled in the Plan. “The plan is profitable and profits are staying in the plan to help build the reserves so that we are protected in the event that we have a bad year,” explains Ms. Catino.

QualCare’s Provider Networks boasts a 99% provider retention rate over the past 5 years and a 3.4% increase in physicians and specialists in 2008 and even greater growth for 2009 and 2010, especially in its southern territories. QualCare’s Networks include an impressive number of facilities, physicians and ancillary medical providers statewide and regionally in New York and Pennsylvania.

The successful management of the AP MEWA can be directly linked to the substantial savings (up to 20%) that small groups have realized on their premiums since joining. Also as a result, the AP MEWA has been able to continue to issue fair renewal increases that are consistently below the market average.

Based on the success of the AP MEWA in New Jersey, QualCare is now working with associations in other states that have inquired about setting up their own MEWAs. Dawn Wright, QualCare Vice-President, Regional & Specialty Accounts shares that plans are now being finalized to launch a MEWA in Georgia, for example. “The MEWA program has now taken off,” Ms. Wright reports. “With the right
partner to administer a MEWA, it can be very successful, as the AP MEWA has proven,” she says, anticipating MEWAs forming in many locations nationally in the not too distant future. It is important to note that MEWAs may be formed by groups in other industries besides health care.

Nathan Martin, QualCare Account Executive, discusses the importance of educating clients about the best way to purchase their health insurance. “It’s been a big focus of ours this year to get out to our clients and remind them not to overspend,” Mr. Martin shares. The AP MEWA offers many different plan designs ranging from PPO and POS Plans to High Deductible Health Plans. “We meet with physicians and office managers so we can explain to them what the plan designs look like,” adds Mr. Martin. In this way, clients can choose the best plan for their particular circumstance.

AP MEWA client, interventional cardiologist Stanley A. Szwed, MD, has had his Clifton practice enrolled since 2006. His wife, Mira Szwed, RN is a consultant for the practice and has been instrumental in the process of obtaining a cost-effective, high-quality health benefits plan. She has been disappointed with other insurance plans in the past. “The MEWA plan has been very effective for us,” shares Ms. Szwed. She is particularly satisfied with the relationship she has enjoyed over the years with Mr. Martin and other plan representatives who have facilitated not only the enrollment process but also ongoing management of services. Ms. Szwed reports that Dr. Szwed’s entire staff has been pleased as well, appreciating the many participating providers there are to choose from in the QualCare’s networks and the timely payment of claims.

Michael Kapandais of Empact Insurance Group in Toms River has been working with QualCare and the AP MEWA for several years. As a broker he gets much feedback from his clients who have chosen to join the Affiliated Health Plan MEWA. “The clients that I have with QualCare are very happy and have accepted the MEWA as a better benefit than what’s being offered by the other insurance carriers,” Mr. Kapandais reports. “They have also found that the rates are quite reasonable and renewals have been fair and below what other carriers on the street are offering,” he adds.

The feedback Mr. Kapandais has received about the services provided is positive as well. He shares that clients report no problems finding participating physicians and are quite satisfied with the efficient and expeditious payment of claims. Also, Mr. Kapandais is pleased with the steps that QualCare and the AP MEWA have been able to put in place to make the necessary accommodations that will be required as health care reform plays out.

In fact, Ms. Wright points out that the MEWA plan is structured much like the member-owned co-op models being promoted by the federal government as part of health care reform. With a member-owned plan, the operational costs are significantly lower. For example, there are
no astronomical salaries or bonuses that must be paid to company executives. “The MEWA just happens to be a self-insured version of a member-owned program,” she explains.

New Jersey attorney, William Megna, who represents the AP MEWA, agrees that the MEWA is extremely well-positioned to weather health care reform. Mr. Megna explains that the revisions to health care as a result of recent federal laws are very much the same as health reform measures implemented in New Jersey more than 14 years ago. “We’ve been following the federal model ever since the inception of the MEWA and it continues to be very successful because it’s operated and managed very reminiscent of the old line mutual insurance companies that were owned by the policy holders,” Mr. Megna offers.

Going forward, as commercial carriers try to come to grips with the various issues of health reform, many of which still need to be sorted out, Mr. Megna foresees a great amount of uncertainty and instability in terms of which companies are still going to remain in the market and how they will be able to comply. “We’re not subject to all of those distractions,” asserts Mr. Megna. “We’re operating on a very even keel, where all the commercial carriers are sailing in choppy waters,” he continues, referring to the stable and conservative management that the physician Trustees bring.

As he looks ahead, Mr. Megna is convinced that the MEWA will continue to thrive. “In a couple of years self-insured health benefit programs are going to be the last line of defense against government-run health insurance,” he predicts. There are other benefits that result from the fact that physicians are the Trustees who make decisions about the operation of the plan. The distinction between health coverage managed by lay people and a plan where physicians who donate their time are the administrators should be obvious. A cornerstone philosophy throughout QualCare’s development has always been and still is “To Put the Patient First.” With the Affiliated Physicians Health Plan MEWA, QualCare and its physician Trustees are doing just that.

Certainly, distinguishing the AP MEWA from other plans as well is that all profits from the health care fees go back into the Plan for the benefit of the enrolled physician practices. There are no stakeholders to reimburse and no executive compensation that must be provided. Instead, excess profits are used to:
• Increase reserves
• Refund groups
• Offset future increases
• Increase physician fee schedule

Bridget Gielis is QualCare’s Asst. Vice President, Regional & Specialty Accounts. She points to some of the reasons for the tremendous growth and profitability the plan has enjoyed, especially in recent years. “Offering the AP MEWA to businesses with a medical affinity, increasing our broker commissions when other carriers were decreasing them – these are the kind of things that have allowed us to grow the plan so it can be a viable option,” Ms. Gielis states. She also talks about fiscally conservative management by the MEWA’s Board of Trustees that will protect the plan and its members to ensure continued growth in the changing and challenging times that lie ahead.

Further, the physician Trustees are accessible to enrolled groups, who are their colleagues and therefore, are able to reach out to suggest changes. In fact, the most recent changes implemented were from enrolled groups:
• Adding lower cost plan options
• Removing referrals from HMO Plan
• National Network access

It is also most interesting to note that physicians throughout the state agree to participate with the AP MEWA for their peers, even when they don’t participate in any other managed care.

James H. Wolf, M.D. is Chairman of the AP MEWA Board of Trustees. Dr. Wolf has been committed to the concept of self-insurance for physician-owned small businesses for many years and has been actively involved since the AP MEWA’s inception. He is pleased to share how well the plan has been doing. “As we’ve been around longer and longer we are gaining more attraction amongst physicians in terms of the product that we’re offering,” remarks Dr. Wolf. “Clearly, we’ve grown every year and have managed to stay in the black and minimize the raises in cost,” he continues.

Looking ahead, Dr. Wolf, like most health care professionals, is unsure about the changes health care reform will actually bring. “The board has a broad representation of doctors from across the state now and I think physicians having a plan in place in New Jersey will stand them in good stead no matter what happens,” Dr. Wolf foresees. In fact, he thinks this is an excellent time to consider joining the AP MEWA. “We’re going forward successfully and doctors really need to take a look at us,” Dr. Wolf suggests.

With the obvious success of its AP MEWA, QualCare has fulfilled its commitment to give

Affiliated Physicians Health Plan MEWA Annual Renewal Trend

Source: QualCare, Inc., Third Party Claims Administrator
something back to the physicians in the form of affordable health care for them and their employees. Through the profitability of the MEWA and the other plans it administers, QualCare has also been able to give back to the entire health care community as well, donating close to three quarters of a million dollars annually to not-for-profit health care charities.

Another important way in which QualCare defines its role in giving back to providers is its self-imposed obligation to discern how health care reform will impact upon the hospitals and physicians in New Jersey and how QualCare can assist them to implement upcoming changes. One certainty, according to Ms. Catino, is that the federal government will expect providers to change the health care delivery model in terms of working together towards more successfully integrating information. Ms. Catino feels QualCare can and should play a vital role in helping its providers to coordinate patient data.

Further, it is QualCare’s goal to help raise patients’ awareness about taking more responsibility for maintaining good health. Patients who are engaged in their own health care can help physicians to stay on top of preserving wellness. By providing routine health screenings as part of their benefit, Ms. Catino explains that QualCare and the AP MEWA are actually avoiding the astronomical costs associated with treating diseases such as cancer or diabetes once they have progressed. More importantly, she knows that having these measures in place helps patients to stay healthy.

“It’s not just about saving money,” Ms. Catino emphatically states. “It’s about saving lives.” For physicians, allied health care providers and health care employees, the AP MEWA, with its proven track record, offers an affordable and high-quality health benefits plan that is an attractive alternative to other carriers in the market today. As we look towards the future and the uncertainties that lie ahead, the Affiliated Physicians Health Plan MEWA, under QualCare’s expert administration is definitely a safe bet.

For more information, contact MEWA Sales at 1-888-670-8135 Option 6 or email to: mewasales@qualcareinc.com

Interested in Learning More About the Affiliated MEWA Health Plan?

For more information or to obtain a rate quote on the Affiliated MEWA Health Plan, complete the form below and fax back to the AP MEWA Health Plan (732) 465-7328.

| Group/Employer Name: ________________________________ | Contact Person: ____________________________ |
| Address: __________________________________________ | Email: _____________________________________ |
| Phone: __________________________ Fax: __________________________ |
| Current Carrier: __________________________ Renewal Date of Current Plan: __________________________ |
| Current Plan Description: __________________________ PCP/Specialist Copay: __________________________ |
| Deductible: __________________________ Prescription Plan Copays: __________________________ |
| **Current Premium:** | |
| Single:$ ________ EE/CH:$ ________ H/W:$ ________ FAMILY:$ ________ |

**COMPLETE THE CENSUS BELOW FOR ALL EMPLOYEES**

<table>
<thead>
<tr>
<th>Employee Name, Initials or Title</th>
<th>Date of Birth</th>
<th>Gender (M/F)</th>
<th>Type of Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If needed, attach a separate piece of paper with additional employees.

**Fax (732) 465- 7328**

or contact us directly at (888) 670-8135 option 6, or via email at mewasales@qualcareinc.com